

JOURNAL
OF THE
**AMERICAN
ASSOCIATION**
INCLUDING
BULLETIN
OF THE
A.I.B.



August, 1910

Vol. 3, No. 2

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JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

ISSUED THE TENTH OF EACH MONTH
11 PINE STREET, NEW YORK, N.Y.

SUBSCRIPTION ONE DOLLAR A YEAR.

Entered as second-class matter, May 5, 1909, at the Post Office at New York, N. Y.,
under the Act of March 3, 1879.

VOL. 3

AUGUST, 1910

No. 2

THE COMING CONVENTION.

ALL indications point to the fact that the attendance at the thirty-sixth annual convention of the Association, October 3-7, in the land of the orange and the grape will be unusually large, especially when it is taken into consideration the distance the delegates and their friends will travel.

It is evident that the many attractive phases in connection with the meeting, and the excellent facilities afforded en route, have already appealed to the bankers in every section of the country, as arrangements have been made for special trains by various State Bankers' Associations, starting from different points, and the number of persons booked at this time exceeds by far that of any previous year, although the convention is nearly two months hence. Special rates have also been announced by the various railroad systems of the country.

The interest thus early manifested is accounted for by the fact that Los Angeles and its vicinity is an ideal place in which to hold a convention, where business and pleasure and social intercourse can be interwoven in such a way as to be a lasting benefit to all those who participate.

Los Angeles, situated in the midst of a glorious panorama of beauty, with a climate unsurpassed in the world, has large automobile and other industries, with adjacent oil fields, making it a typical progressive American city. The hotels are of the very best; affording ample accommodations for the largest conventions ever held in the country. The reputation of the people on the coast as entertainers and for handling big conventions is so well known that Los Angeles will, without doubt, not only uphold, but excel all previous records during the week of October 3rd.

The picture of the first official aviation meet held in the United States, in January, 1910, will give the Eastern visitors some idea of the conditions existing in Southern California, January being in the middle of the winter and one of the coldest months elsewhere.

The beach scene will give an idea of one of the best pleasure resorts in that section of the country, the same having been taken at Long Beach. The picture on the Mount Wilson trail is in strong contrast with the beach scene, and will give an idea of the great difference in country that may be en-



ALEXANDRIA HOTEL, HEADQUARTERS.



STREET SCENE—COMFORTABLE HOMES IN RESIDENCE DISTRICT.

countered in Southern California within a radius of a very few miles; the two pictures having been taken less than forty miles apart, and the Mount Wilson picture having been taken at an elevation of some 6,000 feet.

In addition to this, splendid arrangements have been made for transportation in special trains equipped with such luxuries and privileges which can only be secured by traveling in well organized parties. The comfort and pleasure of each individual will be well looked after by officials of the different railroads, who will accompany them for that purpose.

The itineraries of the special trains to Los Angeles and return are of such a diversified character as to ensure continuous pleasure from the several starting points to the return. They offer a fast schedule for the going trip, notwithstanding that several delightful side trips are included. The return can be made more leisurely via the northern and other routes, visiting many places of interest renowned throughout the world for their scenic grandeur. Those, however, who desire to return home quickly on the adjourn-

ment of the convention, can do so by the most direct route.

The local committees of bankers at Los Angeles have been working on plans for the entertainment and other convention features for several months. The program as outlined by the local committee was submitted to the executive officers of the American Bankers Association at a meeting just held in New York. Those present at this meeting were President L. E. Pierson, of New York; Vice-President F. O. Watts, of Nashville; Chairman Wm. Livingstone, of Detroit, and the General Secretary, F. E. Farnsworth, of New York.



SPRING STREET, LOOKING NORTH FROM FIRST STREET.

Program as Outlined and Adopted.

Business Sessions.

Monday, October 3rd—Committee and Council meetings.

Tuesday, October 4th—First day's sessions of convention proper.

Wednesday, October 5th—Trust Company Section meeting and meeting Organization of Secretaries.

Thursday, October 6th—Savings Bank Section and Clearing House Section meetings.

Friday, October 7th—Second day's session of convention proper.

Friday evening, October 7th—First meeting of new Council for organization purposes.

The four sessions of the convention proper will be held in the Auditorium Theatre; the morning ses-



LOOKING NORTH ON BROADWAY.



NEW HALL OF RECORDS.



REAR YARD OF A LOS ANGELES HOME.



"AVIATION WEEK" IN LOS ANGELES. NEW WORLD RECORDS FOR HEIGHT AND DISTANCE WERE ESTABLISHED DURING THIS MEET, WHICH WAS THE FIRST AVIATION MEET HELD IN THE UNITED STATES.

sions commencing at 10 o'clock sharp, adjourning at 1 o'clock for luncheon; the afternoon sessions commencing at 2 o'clock.

The usual addresses of welcome will be made, and the response to same by an ex-President of the Association. Prominent Americans will also address the convention.

The Auditorium, which is called "The Theatre Beautiful," is within three blocks of most of the hotels, and is especially adapted for convention purposes.

Entertainment.

Monday evening, October 3rd—Annual Council dinner, tendered by the bankers of Los Angeles, at the Hotel Alexandria. Entertainment for the ladies of the members of the Council.

Tuesday evening, October 4th—Grand reception and ball at the Shrine Auditorium. (This building is one of the finest of the kind in the United States, and can accommodate any number of people in a most comfortable manner.)

Wednesday, October 5th—Trip to Catalina Islands, where a barbecue will be given. Automobile ride to Pasadena.

Wednesday evening, October 5th—Theatre.

Dinner of the Executive Committee of the Trust Company Section to the retiring members of the Committee, the speakers and invited guests, at the California Club at 7.30 o'clock p. m.

Thursday, October 6th—Trip to Catalina Islands where a barbecue will be given. Automobile ride to Pasadena.

Thursday evening, October 6th—Theatre.

Second Annual Dinner of the Council Club, composed of ex-members of the Council of the Association.

The arrangements for Wednesday and Thursday are identical and are so made that the large number of people can be better provided for, and that the entertainment will not interfere with the Section meetings.



HOLLENBECK PARK.



A LOS ANGELES RESIDENCE.



ON THE TRAIL TO THE SUMMIT OF THE SIERRA MADRES, WHICH TOWERS ONE MILE ABOVE LOS ANGELES.

The following are the local committees appointed by the Los Angeles bankers some time since to arrange all the details for the reception and entertainment of the visitors:

Executive.

W. H. HOLLIDAY, Chairman.

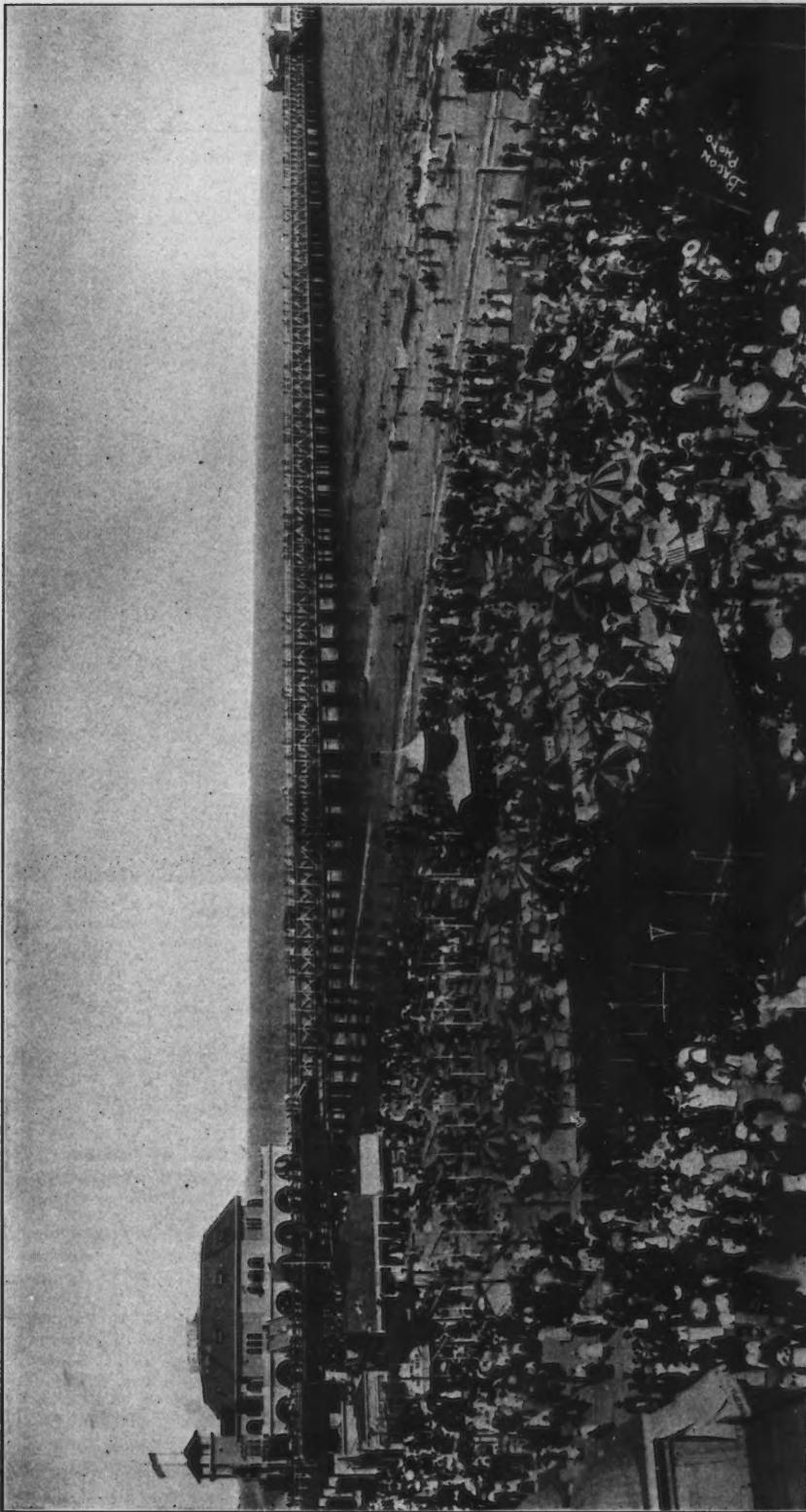
President Los Angeles Clearing House Association.
Mr. Holliday is also an ex-officio member of all the committees.

W. H. Booth Jos. D. Radford
J. E. Fishburn J. F. Sartori
J. A. Graves M. P. Snyder
Stoddard Jess Wm. W. Woods

James B. Gist, Secretary.

Reception and Ball.
STODDARD JESS, Chairman.

M. N. Avery	M. S. Hellman
W. A. Bonynge	W. R. Hervey
W. H. Booth	A. B. Jones
F. M. Douglas	Mark G. Jones
J. C. Drake	R. W. Kenney
J. M. Elliott	W. D. Longyear
L. L. Elliott	John R. Mathews
J. E. Fishburn	T. E. Newlin
M. H. Flint	W. S. Pollock
J. A. Graves	J. D. Radford
Gustav Helmann	J. F. Sartori
Marco H. Hellman	F. M. Smith



A TYPICAL BEACH SCENE NEAR LOS ANGELES—TAKEN FROM THE HOTEL VIRGINIA.



SCENE IN OIL FIELD NEAR LOS ANGELES.

M. P. Snyder

O. M. Souden

H. F. Stewart

C. H. Toll

W. J. Washburn

A. J. Waters

R. J. Waters

Perry W. Weldner

J. E. Woolwine

W. D. Woolwine

W. R. Hervey

R. P. Hillman

H. S. McKee

W. E. McVay

J. M. Neeland

F. H. Nichols

E. S. Pauley

R. I. Rogers

Chas. Seyler

Jay Spence

F. M. Smith

H. F. Stewart

C. H. Toll

A. J. Waters

Perry W. Weldner

O. J. Wigdal

Phillip L. Wilson

S. F. Zombro

Dinner to Executive Council.

J. A. GRAVES, Chairman.

M. S. Hellman

W. C. Patterson

H. W. O'Melveny

O. M. Souden

Bureau of Publicity.

WILLIAM W. WOODS, Chairman.

Philip Kitchin

M. H. Flint

Finance and Theaters.

J. F. SARTORI, Chairman.

W. F. Callender

W. T. S. Hammond

Don W. Carlton

Marco H. Hellman

W. C. Durgin

Joseph Lopizich

J. H. Griffin

Philip L. Wilson

Bureau of Information.

J. D. RADFORD, Chairman.

Jno. Alton

W. D. Longyear

Jno. F. Andrews

J. W. Phelps

F. M. Douglas

J. H. Ramboz

Geo. B. Epstein

R. I. Rogers

Newman Essick

O. M. Souden

Chas. G. Greene

Jay Spence

A. B. Jones

R. J. Waters

R. W. Kenney

John W. Wilson

Philip Kitchin

S. F. Zombro

Clubs and Invitations.

M. P. SNYDER, Chairman.

A. C. Way.

Hotels.

J. E. FISHBURN, Chairman.

James B. Gist

H. S. McKee

Chas. C. Greene

T. E. Newlin

M. S. Hellman

Stoddard Jess

Robt. W. Wankowski

Excursion.

W. H. BOOTH, Chairman.

John P. Burke

Newman Essick

W. M. Caswell

M. H. Flint

C. A. Elder

Chas. G. Greene

TRUST COMPANY SECTION.

Since the very successful meeting of the Executive Committee, held early in May at Atlantic City, the officers of the Section, as a sub-committee, have been busily engaged in preparing a programme for the Annual Convention to be held at Los Angeles, California, October 5th next.

Mr. Lawrence L. Gillespie, Vice-President of the Equitable Trust Company, New York City, Chairman of the Executive Committee, upon whom has devolved the major part of the preparation of the programme, has made most excellent progress, and although full details have not yet been entirely worked out, enough has been settled to assure a most interesting and instructive meeting.

Mr. Joseph Scott, President of the Los Angeles Chamber of Commerce, will welcome the delegates on behalf of the city. Mr. J. C. Drake, President of the Los Angeles Trust and Savings Bank, will make an address of welcome on behalf of the trust companies of the State.

Mr. Henry E. Huntington, President of the Los Angeles Interurban Railway, and Mr. Ross Clark, Vice-President of the San Pedro, Los Angeles and Salt Lake City Railroad Company, have been invited to address the Section, and while their acceptances have not as yet been received, it is confidently believed that the delegates in attendance will have the opportunity of hearing these gentlemen.

Mr. William C. Poillon, Vice-President of the Mercantile Trust Company of New York, will read a paper on "The Advantage to the Trust Company in Loans Secured by Marketable Collateral, Rather Than by Personal Credit."

As has been the custom for the past few Conventions, a large part of the time will be devoted to a discussion of the topics pertinent to trust company business, these being first presented in brief addresses, and members of the Section are urged to freely discuss and argue them. Some of these topics are as follows:

"Importance of the Cultivation of Personal Relations Between Trust Company Officers and Their Clients and Depositors."

"The Duties and Responsibilities of a Bond Department in Offering Securities to the Public."

There will also be the usual roll call of States, to be answered by the Vice-Presidents of the Section in brief reports of the conditions concerning trust companies, as existing in their several States.

The members of the Executive Committee have arranged to give a dinner at the California Club on the evening of October 5th to the retiring members of the Committee, the speakers and a few invited guests.

It is hoped to have the complete programme in the hands of the members about thirty days before the date of the meeting.

Trust Company Forms Now Ready for Delivery.

The officers of the Trust Company Section of this Association, believing that there was a wide demand for a new and up-to-date book of "Trust Company Forms," appointed a little over a year ago a committee to take up the matter of such a publication. This committee is as follows:

J. N. Babcock, Chairman, Trust Officer The Trust Company of America, New York.

Charles L. Mosher, Vice-President Guardian Savings and Trust Co., Cleveland, Ohio.

George H. Stuart, 3d, Assistant Treasurer The Girard Trust Co., Philadelphia, Pa., with the Secretary of the Section as Secretary.

Circular letters were sent to all members of the Section asking that sample forms, pages of books, cards, etc., be sent to the Secretary. A large number of such "forms" were received from representative companies throughout the country. The committee has spent a great deal of time in arranging, classifying and indexing these "forms," eliminating duplicates and such as seemed undesirable for the purpose in view. The result is a collection of "forms" in use in the representative trust companies of the country. Care has been taken to include "forms" in use in the smaller institutions as well as those submitted by the large city companies.

The selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The book is arranged as follows:

Banking. Deposits, Withdrawals, Records, Collections, Pass Books, Bookkeeping, Condition Statements, Investment Records, Miscellaneous.

Loans. Collateral Loans, Time and Demand, Commercial Paper, Credit Statements, Miscellaneous.

Trusts. Individual Trusts, Estates, Corporate Trusts, Bond Issues, Escrows, Reorganizations, Stock and Bond Registrations and Transfers, Payment of Coupons, Mortgage Records, Real Estate Records, Insurance Records, Card Index Systems, Tickler Systems, Miscellaneous.

Savings. Deposits, Withdrawals, Signature and Index Cards, Miscellaneous.

Safe Deposit Department. Identification Cards, Book and Miscellaneous Forms.

Foreign Exchange. Various Forms.

The work is now ready for delivery; the selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11 x 14 inches in size—and is for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to Mr. P. S. Babcock, Secretary Trust Company Section, 11 Pine Street, New York, who will forward book prepaid at once.

SAVINGS BANK SECTION.

Savings Bank Section Book of Printed Forms.

Nearly 700 copies of the book of Printed Forms issued by the Savings Bank Section have so far been sold to the members, and orders are still being received for it.

The book is handsomely bound in flexible seal, issued in a convenient loose-leaf style, and comprises over 600 of the most useful and typical forms used by the most progressive savings banks of the coun-

try; these forms were selected from a collection of over 20,000 blank forms on file at the Secretary's office, and bound up in about fifteen huge volumes.

The forms are reproduced at one-half their original dimensions, viz., one-quarter of the area. The third edition is for sale to non-member banks at \$18 per copy, and to members of the American Bankers Association at \$12 per copy. Orders will be re-

ceived and promptly attended to by William Hanhart, Secretary Savings Bank Section, 11 Pine Street, New York City.

Present Membership: 1,755.

The Postal Savings Bank Bill as passed by Congress and signed by President Taft, is now an established fact, but it is not believed that it will be in practical operation before the 1st of January next. Opinions differ widely as to its effect on the present banks and also as to the amount of deposits likely to be received in the offices that will be named as depositories; the matter will probably be discussed at the next convention in Los Angeles. Among other matters that will also be discussed at the convention is the important one of the Segregation of Savings Deposits, wherever held. The future prospects of bond prices and investments will also form a matter of discussion, also School Savings Banks, and the Building Loan Associations who in some parts of the West do a similar business to the Mutual Savings Banks of the East. These and other timely subjects of practical interest to Savings Banks officers will engage the attention of the members present and it is hoped that the meeting will prove of practical use and value; this has always been the practical aim of the Savings Bank Section. Interesting reports from the Committees on Postal Savings, Auditing, Legislation, etc., will also be presented.

From advices received, it is believed that the convention will be largely attended and will prove very successful. We urge every one of our members to endeavor to have a delegate present; a bank sending an officer to such a convention is always benefited by it, and is well repaid for the expense; acquaintances made there are always of benefit, the social features are pleasant, we brighten our views, learn much of interest, and become of greater value to the institution we represent.

William R. Creer, of Cleveland, Ohio, President of the Savings Bank Section, was in New York City during the past few days in consultation with Mr. Hanhart, Secretary of the Section, relative to the Los Angeles program.

The Section will hold its meeting on Thursday, October 6th, the entire day being given to the session. An unusually attractive program is being arranged, and will embody several addresses as well as discussions on live topics appertaining to savings banks and their interests. This program will be announced in the September Journal and Bulletin.

With the increased membership in the American Bankers Association, the Savings Bank Section is receiving its share of savings banks, and the number is rapidly approaching the 2,000 mark.

CLEARING HOUSE SECTION.

SECOND PRIZE—SYSTEM OF LETTERS AND NUMBERS CONTEST.

The Executive Committee of the Clearing House Section on May 3rd, 1909, offered three prizes, aggregating \$150.00, to the members of the American Institute of Banking for the three best articles showing the advantages in the use of a system of letters and numbers in the handling of checks in Transit Departments, the contest being open to the Managers of such departments in banks, members of the American Bankers Association, in any city wherein the system of letters and numbers, devised by the Clearing House Section, is applicable. These prizes were awarded at the recent meeting of the American Institute of Banking at Chattanooga. The first prize paper was published in the July Journal and Bulletin. The second prize paper, which follows, was prepared by George O. Bordwell, of the First National Bank of San Francisco, California.

THE USES OF FORMS AND NUMBERS IN THE TRANSIT DEPARTMENT.

In every large bank, the problem of caring for out-of-town cash items is demanding more and more attention. Firms and individuals are acquiring the habit of paying every bill by check. The practice of having and using bank accounts is continually becoming more popular and the number of checks used is rapidly increasing. To the banks falls the collection of the items.

After accepting such a check the bank becomes responsible for its collection to the extent of using due diligence. The bank must have a record of the amount of each check, of the fact that it has been forwarded for collection, and of the name of the collecting agent. The name of the last endorser is also

necessary because in case the check is accepted for collection only, the bank must know to whom the funds belong when the check is paid; or, if the check is accepted for immediate credit and later lost in the mail, the bank must know from whom to obtain a duplicate.

The experiences of 1907, when all out of town checks were taken for collection, and none as cash items, clearly proved that the labor involved in handling out of town checks for collection is a much greater expense to a bank than the combined cost of labor and interest loss in handling them as cash.

Accepting then, all checks on banks in the United States outside of our own city as cash, what methods shall we follow to keep the interest and exchange loss and the cost of handling down to a minimum?

The question of cost of handling these items is a serious one. A great many checks and drafts are always in process of collection, and the funds outstanding on the books of the bank. In order that none of these funds shall be lost to the bank, either through carelessness or dishonesty, records must be kept which are simple and accurate, and can be readily checked. What records are necessary and what may be omitted? What is the best system for handling these items? The following is one way in which it is done:

There are four main divisions into which outgoing cash items are divided.

First: "Account items." In this division are included checks stamped "Payable if desired at (this bank)" and drafts cashed under our correspondents' letters of credit.

Second: Checks and bank drafts to be remitted for our credit to banks with which we carry balances (i. e., to Eastern Banks).

Third: Checks and bank drafts to be sent for our credit to banks which carry their balances with us (i. e., to Pacific Coast Banks).

Fourth: All items sent to banks "for collection and returns." This division includes checks sent to banks which do not carry accounts with us, items

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which are to be outstanding for more than four days, drafts on firms or individuals, and coupons.

Items come to the Transit Department from every teller and through the clearing. Those from the mail teller are the first received each day. They are assorting into the four main divisions, endorsed, and listed on the outgoing letters. A total is then made of these letters, which must equal the total amount charged Transit Account by the Mail Department; this proof is made before checks from the other tellers are handled. The checks are then delivered to the Mailing Department and (for identification at the end of the day) the letter "M" is stamped after the total of each letter. The only out of town checks coming from the Clearing House Department are "Account Items"; they are now written up and proved in the same manner as checks from the Mail Department. Checks from the paying, note, exchange, and collection tellers are listed on the adding machine by the Transit Department, before being assorted, and the totals are checked against the tellers' figures. Amounts charged by the receiving tellers are proved before they reach the Transit Department.

Before the items leave the bank, a set of adding machine lists is made on sheets, showing in the first column the total of the outgoing letters (taken from the carbon copies, not the originals); in the second column the sub-totals of the mail section, taken from the letters, and in the third, fourth, fifth and sixth columns, the amounts of the checks, taken from the checks themselves. This proof is sub-divided into as many sections as the volume of the day's work may require, an average of possibly twenty letters being carried into each sub-division. In every such section the total of the first column must equal the combined totals of the second and last columns. These proofs, brought together at the close of the day's business, will equal in total the amount of checks charged by all the tellers.

A carbon copy is made of every outgoing letter, this giving a complete record of each item handled by the department. The records are sub-divided as follows:

First—Account Items.

These items, being paid by us under instructions from the banks to whom sent, are charged to their accounts at once. This result is obtained by listing the totals of the letters on a separate sheet, the original of which constitutes a portion of the Transit Account Register, and the carbon copy of which is deposited with the receiving tellers as a debit to banks. When credit advices are received for the items, they are checked off from the register.

Second—Cash Letters for Credit to Banks with Which We Carry Accounts.

These letters are handled in the same manner as account items, the information obtained by immediately debiting them being essential for the intelligent operation of the Exchange Department.

Third—Cash Letters for Credit to Banks Whose Balances Are Carried with Us.

These items are debited to the correspondents on different dates ranging from one to four days after they have been forwarded. A special form is used for listing the totals of the different letters. The names of the banks to whom these letters are sent are printed on the forms, and there are four outstanding sets continually in the hands of the Transit Department.

With four of these forms before us and to-day's date stamped on the different sheets in the first, second, third and fourth columns respectively of the first, second, third and fourth sheets, we proceed to register the totals of the outgoing letters for to-day in the columns just dated. All items which are to be outstanding four days appear in the first column of the first sheet, all which will be three days outstanding in the second column of the second sheet, two days on the third sheet, and one day on the fourth sheet. When the letters have all been listed, the total of the four columns will be the total of all outgoing cash

letters to Pacific Coast points for credit, and will agree with the total amount for this section called for by the adding machine proof already described.

The outgoing letters each day are listed in this way, the sheet which contained to-day's four-day items containing also to-morrow's three-day items, the two-day items of the day following, and the next day's one-day items, so that at the end of the four days it bears totals for the complete set of correspondents, although the letters listed have been sent to the various banks on different dates. The totals of the various columns on the one sheet are now brought together, and this grand total credited to Transit Account; the sheet serving as a debit to various banks and being deposited with a teller in the same manner as ordinary debits. It will be observed that the sheet has served a double purpose, that of a register for this section of the Transit Account items and of a debit to banks. When the bank bookkeepers have finished using it, they return the sheet to the Transit Department, who again use it as a portion of the Transit Account Register, and on it check off credit advices received.

Fourth—"Return Items."

The forms for this section are made up with several letters to a page for convenience in listing, but the spaces between the letters are perforated, and when the day's work is completed the copies are torn apart, numbered, and filed in numerical order. In the case of two checks going to the same bank, both will be found on the same letter with one total; but if, on the other hand, there are two items such as one bank check and one draft on a firm, or coupons of different kinds, and there is a probability of separate payments being made for each of the items, separate letters are written, so that when payment is received it covers the entire amount of each letter, and not a portion of one letter. No harm is done if a check covers two letters.

The checks in payment, when received, are entered on a deposit tag showing the clearing house bank and amount of each check, the number of the collection, and the amount of exchange deducted from each item. The items covered by these checks are then withdrawn from the outstanding file and stamped "paid," after which they are listed on the back of the deposit tag. The totals on the face and on the back of the tag must equal each other, and troublesome differences in this section of the work are entirely eliminated.

Summary—Transit Account Register.

The various sections of the Register are assembled at the close of the day's business, and the totals carried forward to a "summary."

In this summary a sub-total is made of the Account Items and Eastern Cash Letters, and this sub-total represents the amount credited back to Transit Account on the same date. As the sub-total must be correct in order that the outgoing work for the day shall prove, this entire section is removed from all possibility of causing differences in the account.

In the same way all differences are eliminated in the handling of items sent to correspondents for credit.

Items sent for returns constitute the only portion of this system wherein differences are liable to occur, and by careful handling they are practically eliminated. The total of the machine proof for this section of the work is carried to the summary, and must be correct in order that the day's outgoing items shall balance. If the letters have been listed and found to be incorrect, it is, of course, necessary to correct the proof, the original letter, and the carbon copy. The proof must be and is changed to balance the outgoing work. Failure to change the carbon copy is discovered when the item is remitted for; but failure to change both the copy and the original would, unless discovered and corrected by the bank to whom sent, necessitate a check-off of this section.

Rubber endorsement stamps have been given to all those depositors from whom out-of-town items are received. On the first line of each stamp is a code number of four digits, which represents to us the name of the depositor. The first two digits represent the relative position in the alphabet of the first letter in the depositor's name; as for instance, 01-12

might represent the American Box Company and 12-02 the Lake Realty Company. After ninety-nine numbers have been assigned for names commencing with any one letter, we add 30 to the first two digits and continue the code from that point. For example, the numbers for the names commencing with "L" range from 12-01 to 12-99 and then from 41-01 to 42-99. The bank depositors are numbered from 70-01 to 70-99; then from 71-01 to 71-99 and from 72-01 to 72-99. Some national banks, instead of using the stamp furnished them, have substituted one bearing their charter number, which avoids the necessity of using various different stamps for remittances to their different correspondents. In Texas the banks have agreed upon a series of numbers for all the banks in the State, and have provided themselves with stamps showing these numbers. A record is kept in the Transit Department showing to whom the stamps have been given and what name each number represents. In listing the checks on the letters a record of the depositor's name is made by copying the number from the endorsement. This, of course, takes much less time than if the entire name, or even an abbreviation of the name, had to be written.

In the case of checks by the paying teller, it is impossible to have a code number for each endorser. It is therefore the custom, as soon as items from the paying desk are received in the department, to register the names of the endorsers against the amounts on the adding-machine list already described. A number is then stamped upon the face of the checks (we use "8888"), and registered on the letters to indicate that the name of the depositor may be obtained by reference to the proof of paying desk checks.

The only checks of which it is now considered necessary to register the names of the drawers are those cashed at the paying desk, in which case the payee is sometimes difficult to locate, and those marked "Payable if desired at (this bank)," in which case it is necessary to know the total amount paid each day for each account. Information as to the drawer of a check is required when the check has been lost and a duplicate is needed. Experience has shown that it is safe to count on being able to obtain this information from the depositors for all large checks and for practically all small ones. The practice of registering the drawers' names has therefore been eliminated, and this means a saving of labor, the value of which is much greater than the money risk involved. The names of the drawers of checks cashed at the paying desk are listed on the paying desk proof at the same time that the record of the names of the last endorsers is made. To indicate the names of the drawers of account items, numbers which represent their names, and which have been printed on the checks before they are issued, are listed on the letters. In Account Item letters only the number of the depositor, the number of the drawee, and the amount of each check, are listed.

Numbers have been assigned to every bank on the Pacific Coast and to every bank in the principal Eastern cities; and these numbers are registered on the outgoing letters instead of the actual names of the banks upon which the checks are drawn. In each city where there is a clearing house, the clearing house numbers are used, arbitrary numbers being assigned to the banks which have not already been numbered. No harm is done if the same numbers are used for banks in different towns. Whenever there is no clearing house, "First National Bank" is represented by "1," the name of our own correspondent by "2," and the names of the other banks of the city, in alphabetical order by "3," "4," and "5," etc., respectively. A set of large cards is used by the remittance clerk from which to learn the numbers of the drawee banks. On these cards are listed in red ink, alphabetically by towns, the names and numbers of all the banks to whom cash items are sent. Directly after the name of each such correspondent are listed in black ink the names and numbers of all banks, checks on which are forwarded to the corre-

spondent. If any of these banks are in other towns, the towns are listed in alphabetical order. Numbers from 1 to 50 are used only for the banks in the city to which we remit, and numbers commencing with 51 are used for the first town listed; for each of the other towns 10 is added, so that the numbers commence with 51, 61, 71, etc.

With various similar forms for outgoing cash letters, differing only in minor points, practically all of the checks passing through the hands of the Transit Department can be registered by means of adding machines. Individual checks are assembled on one letter, and the totals of several letters assembled into groups, after which the total of each group is used in all subsequent records. It may truly be said that with this system, out-of-town cash items are no longer handled individually, but collectively, that they are handled by wholesale methods.

DOCUMENTS FOR DISTRIBUTION.

The Association has on hand quite a quantity of printed matter appertaining to the work of the Bills of Lading Committee, which will be sent to such members as may desire same if they will notify this office. This list is as follows:

New Uniform Bills of Lading.

Constitutionality of Proposed Act (H. R. 14934) relating to Bills of Lading.

Pennsylvania Speech—L. E. Pierson.

Little Rock, Arkansas, Speech—Thomas B. Paton.

Jamesstown, Virginia, Speech—Thomas B. Paton.

Oklahoma Speech—Evans Woollen.

Report of Committee to 1908 Convention at Denver, with Appendices.

Report of Committee to 1909 Convention at Chicago, with Appendices.

Proceedings of Joint Bill of Lading Conference between bankers, carriers, shippers, etc., held at Chicago, September, 1909.

A quantity of the following currency documents is on hand in the Secretary's office. If any of our members want copies with which to do educational work we will be pleased to send them on advice to that effect:

Report of The Currency Commission of the American Bankers Association.

Report of Currency Commission of American Bankers Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers Association, presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency, By Elmer H. Youngman, Editor "Bankers Magazine."

Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation, before The Illinois Manufacturers' Association, at Chicago, December 10, 1907.

Guaranty of National Bank Deposits, By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers Association of the State of Illinois, held at Peoria, June 11, 1908.

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies. Rules and Forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."

Address by Daniel S. Remson before the Trust Company Section, September 15, 1909, "Post-Mortem Administration of Wealth."

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

FIDELITY BONDS.

At the convention of this Association held in Denver, Colo., in August, 1898, the Executive Council recommended: "That a Committee of this Association be appointed to inquire into the rates of surety bonds and to recommend a standard form of policy, and to consider any plan or plans that may be submitted."

Pursuant to this resolution the President named as such Committee: A. C. Anderson, Cashier St. Paul National Bank, St. Paul, Minn.; Caldwell Hardy, President Norfolk National Bank, Norfolk, Va.; W. F. Manly, President Security National Bank, Sioux City, Iowa; E. F. Swinney, Cashier First National Bank, Kansas City, Mo., and John L. Hamilton, Jr., Cashier Hamilton & Cunningham, Bankers, Hoopes-ton, Ill.

In the report of this Committee made at the time of the convention held in Cleveland in 1899, it is stated that the well-known firm of Butler, Notman, Joline & Mynderse, of New York, was retained to carefully investigate the various forms of bonds that were being offered to members and to look up the decisions of the courts on bonds that had been litigated with a view to ascertaining what clauses had been passed upon by the courts. After making these investigations, this firm was instructed to draw a bond, plain in its language, clear in its terms and at the same time just to the insurer and insured. The form as finally drawn by Mr. Mynderse of the above-mentioned firm was submitted with the belief that it afforded better protection and more nearly met the requirements of banks than any fidelity bond issued. The Committee spent weeks of labor with its attorney and the representatives of fidelity companies in studying and discussing the varying provisions and technicalities of fidelity bonds. A careful consideration of the subject brought the Committee irresistibly to the conclusion that it was absolutely necessary for the reasonable protection of the insured to radically amend and modify many of the provisions of such bond. The form of bond, which, therefore, was copyrighted and adopted by the Association, was prepared with the view to eliminating the difficulties referred to, and if members not using this form at the present time will devote themselves to a careful consideration and comparison with other forms, or will refer them to their attorneys for such consideration and comparison, they will readily recognize the advantages offered by our form. This bond is for the exclusive benefit of members of this Association and has been adopted by a very large percentage of our membership.

As a result of the work of this Committee, looking into the matter of rates charged by the various companies and the adoption of the form of bond by the Association, the respective members have benefited materially in the past by the reduction in the premiums paid for their fidelity insurance. The publication of the information furnished to this Committee did, in the opinion of the Committee, tend to establish rates on a more uniform and equitable basis.

We quote from the report of this Committee made at our convention in 1900 as follows:

"Our members are carrying over \$100,000,000 of

fidelity insurance, and if we can secure for them the placing of this enormous amount upon a good form of bond and at a saving of only \$1.00 per thousand from former rates, they will have secured better protection and saved \$100,000 per annum, and your Committee will feel gratified to have rendered them this service."

Briefly, some of the advantages of this form of bond over the other forms are as follows:

1. It was drawn for the Association, under the direction of this Committee, by the eminent law firm, Butler, Notman, Joline & Mynderse, of New York.

2. It is in the line of uniformity.

3. Its basis is a premium payment, and not an application filed with the surety company.

4. The rights and duties of both parties appear in the bond. It is the whole contract, so that statements, application blanks, etc., are not needed to make a considerable but invisible portion of its terms.

5. It is a contract of insurance, rather than of suretymanship. Talk this point over with your attorney.

6. Each man is bonded as an employee, permitting freedom of transfer without notice to the company, thus preventing any question as to his serving in a dual capacity, or in case of a default any question as to whether it occurred while he performed the particular duties for which he was bonded, such as bookkeeper, teller, etc.

7. It is a continuous bond, so long as the premiums are paid. A loss may be recovered years after the default, if the bond is still in force.

8. It insures not only the funds of the bank but the funds of others in the hands of the bank for which it is responsible.

9. The theory of the bond is that the entire staff should be covered under it, so that if a default occurs where one of two or more men might be the guilty party, it is not obligatory on the insured to say which one is guilty.

10. It covers all men under it to a definite date, instead of having bonds expiring all through the year.

11. Employees may be added to or taken from the bond at any date.

12. It is absolutely free from any clause designed to befoig a cleanout contract.

For information of our members the following list of companies write our form of bond:

Aetna Indemnity Company, Hartford, Conn.

American Bonding Company, Baltimore, Md.

American Surety Company, New York, N. Y.

Bankers Deposit, Guaranty & Surety Co., Topeka, Kansas.

Empire State Surety Company, New York, N. Y.

Employers Liability Assurance Corporation, Ltd., of London, England, United States Branch, Boston, Mass.

Fidelity & Deposit Co., Baltimore, Md.

Interstate Casualty Company, Birmingham, Ala.

International Fidelity Insurance Co., Jersey City, N. J.

Lion Bonding & Surety Co., Omaha, Neb.

Maryland Casualty Company, Baltimore, Md.

Massachusetts Bonding & Insurance Co., Boston, Mass.

National Surety Company, New York, N. Y.
Northwestern Trust Company, Grand Forks, No. Dak.

Ocean Accident & Guaranty Corp., Ltd., of London, Eng., New York, N. Y.

Pacific Coast Casualty Co., San Francisco, Cal.

Pacific Surety Company, San Francisco, Cal.

Southern Surety Company, Muskogee, Okla.

Southwestern Surety Insurance Co., Denison, Texas.

Title Guaranty & Surety Co., Scranton, Pa.

United States Fidelity & Guaranty Co., Baltimore, Md.

Virginia Safe Deposit & Trust Corp., Alexandria, Va.

Virginia Trust Company, Richmond, Va.

THE ATTENTION OF OUR MEMBERS IS PARTICULARLY CALLED TO THE MANY ATTRACTIVE FEATURES OF THE BOND TO WHICH REFERENCE HAS BEEN MADE, AND WE FEEL SURE THAT NO MISTAKE WILL BE MADE BY A MEMBER WHO IS WITHOUT THIS FORM OF BOND, IF UPON EXPIRATION OF THE FORM NOW IN USE, APPLICATION IS MADE FOR OUR FORM OF BOND TO ONE OF THE COMPANIES ENUMERATED ABOVE. TO OUR KNOWLEDGE OUR FORM OF COPYRIGHTED FIDELITY BOND HAS BEEN CONTESTED ON ONLY A FEW OCCASIONS, WHEREAS IT IS A KNOWN FACT THAT BONDS OF OTHER FORMS HAVE BEEN THE CAUSE OF FREQUENT LITIGATION.

At the present time a Committee on Fidelity Bonds & Burglary Insurance is making an investigation in regard to the rates charged on fidelity and burglary insurance and will file its report during the next convention, which will be held at Los Angeles. At the same time our General Counsel, who has been looking into the matter of a uniform burglary policy, is expected to make his report, and any action taken on these matters will be brought in due course to the attention of our members.

BOUND VOLUMES OF THE JOURNAL.

Those who desire to preserve the Journals in bound form and are in need of any numbers to com-

plete Volume 2 can be supplied from our surplus files, for a time at least, but members are urged to take great care in preserving all numbers, as a time will come when certain of the files will be exhausted.

Where local bookbinders are not available, the numbers can be forwarded by mail or express to the headquarters of the Association, the binding done in New York and the bound volume returned, the Association charging each member actual cost.

We are having several copies of Volume 2 handsomely bound in three-quarter leather to match Volume 1 which was bound a year ago. Any one desiring such bound copies, either of Volumes 1 or 2, can obtain same at cost (\$2.00) by advising this office.

CREDIT BLANKS.

There was published in the May issue of the Journal, a description of credit blanks and a questionnaire for use in the credit department of banks, which forms were prepared by Mr. James G. Cannon, of New York City, and reproduced in the Journal mentioned. The prices were also quoted at which they can be obtained in quantities of 250 up to 1,000.

Anyone desiring these forms can send their order to the General Secretary of the Association, who will forward same to the printer, and the blanks will be shipped direct to the purchaser, together with bill.

National Monetary Commission Publications.

The government printing office has just issued a catalogue giving a complete list of the publications issued by and in preparation for the National Monetary Commission. There are some forty-six books and documents issued by the Commission which cover a very wide scope as to banking and currency legislation in the principal countries of the world, and in many cases for the past one hundred years. As the general offices of the Association frequently have inquiries regarding these publications, any and all can be obtained at a nominal price by addressing the Superintendent of Documents, Washington, D. C. Without doubt a catalogue will be sent on request.

The work of the National Monetary Commission has been very far-reaching and these documents have been prepared by some of the best financial writers in the world, and the information contained therein will be valuable to the Commission in framing a suitable banking and currency law.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DEVOTED TO THE SCIENCE OF BANKING AND FINANCE

VOL. 3

AUGUST, 1910

No. 2

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General Secretary American Bankers Association

W. W. WAINE, ASSOCIATE EDITOR

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General Counsel American Bankers Association

OUR CONVENTIONS.

FROM a modest gathering of seventeen bankers, from various parts of the United States east of the Mississippi River, which met in New York City on May 24th, 1875, for the purpose of consulting regarding the advisability of organizing a bankers' association, has developed an Association of 11,266 members at whose last convention, held in Chicago in September, 1909, there were 4,600 registered.

The first convention was held in Saratoga in July, 1875, the attendance numbering 300 bankers from thirty-two States and Territories. This convention has been followed by annuals, the coming convention at Los Angeles being the thirty-sixth; not one year missing in the period, the meetings having been held in various parts of the United States, from the Atlantic to the Pacific, and from the North to the South.

It is not to be expected that every bank in so large an Association would be represented, and it is not to be expected that all of them are interested in these conventions when it comes to personal attendance. As the years roll by, new faces are in evidence, but the conventions of the last three years have brought out many of the old "stand-bys" who have grown gray in the service. There are convention enthusiasts who believe, and can see, great benefit resulting from these meetings; the renewal of acquaintances of years' standing, the interchange of thought and ideas, the opportunity given for the country banker to meet his correspondents, and the good fellowship which comes from close contact in a gathering of this kind.

It has been the policy of the officers, during the past three years at least, not to allow entertainment

features to interfere with the business sessions, with the result that the conventions proper have been largely attended, and much interest has been shown in the deliberations of the Committee, Section and Association meetings. It follows that there are always a large number of banks which are not represented, and without doubt some of these are not in sympathy with conventions, and have so expressed themselves. It must be remembered, however, that only a very small portion of the revenue of the Association is expended on conventions; not much more than five per cent; the balance going for the work of the various Committees, Sections, the Protective Department, the Legal Department and the Journal, and the work of the Association, covering so wide a scope, is of incalculable benefit to the banks of the country and their live business interests. It is apparent that the bankers believe this, judging by their thorough and far-reaching support of the Association and its officers.

OUR MEMBERSHIP.

On July 31st the membership of the American Bankers Association was 11,266. These figures represent only the actual paid membership, deductions having been made for delinquents, consolidations, failures, etc. The increase during the past year has been steady, every month showing a fair quota. There is always a delinquent list, but even with the large increase in membership, the percentage of delinquents at the present time is the smallest in the history of the Association, which is ample proof that the banks and bankers of the United States believe in the American Bankers Association and its good work.

THE PINKERTON NATIONAL PROTECTIVE ASSOCIATION.

Our members are being continually circularized and solicited to take services from the Pinkerton National Protective Association.

This service has been inaugurated to compete with the work of the Protective Committee of the American Bankers Association at a subscription price equal to the total of dues as members of the American Bankers Association.

Until November 22nd, 1909, the protective work of the Association was handled through the Pinkerton National Detective Agency, with increasing friction during the last five or six years, for various reasons, between the Agency and the Executive Officers and Protective Committees.

After numerous conferences about a year ago, the Agency proposed a three-year contract, which was authorized by the Executive Council at the Chicago meeting.

A few days following the adjournment of that meeting of the Executive Council, the Agency summarily notified the officers of the Association that it would not make a contract for less than five years, the only reason being that they had changed their minds as to the length of time (three to five years) they would be willing to agree upon.

Mr. Allan Pinkerton met the Executive Officers on November 22nd, and was advised that the officers had no authority to make a contract for a longer period than three years. His response was

"Is this your final decision, gentlemen?" the reply given him was

"Yes;" with emphasis he then said:

"All right, our work for your Association stops right now," and started to leave the room, when one of the officers remarked:

"Mr. Pinkerton, I am somewhat older than you are, and perhaps know a little less; but your reply would carry to the average man the belief that you thought you were the only parties who could do this business," to which Mr. Pinkerton replied:

"You can put any interpretation on it you please." and abruptly left the room.

A contract was then entered into by the Protective Committee with the Burns & Sheridan National Detective Agency, Mr. Wm. J. Burns and Mr. Wm. P. Sheridan being generally recognized as the greatest detectives of the age. Offices in seven

states have been established and others are about ready to open and in addition to correspondents all over the country, there is employed at this time a force of nearly one hundred high-grade, picked detectives.

Since November, in spite of repeated prophesies by the former agency, there has been no influx of crime, the only trouble and confusion arising in the strenuous efforts made by the Pinkerton Agency to install itself into the individual favor of members of our Association.

It is hardly necessary to assure the members of the Association that the Protective Committee and the officers are as alive as ever to the requirements of the protective work, and that the members' interests are being fully as well, and it is believed better looked after in this respect than in the past, in spite of repeated misrepresentations to the contrary.

It might also be stated that the Protective Committee through the Manager of the protective work, now keeps its own record of crimes attempted and perpetrated, and does not rely upon the unsupported compilations of any detective agency.

TRANSIT DEPARTMENT SYMBOLS.

In this month's Journal and Bulletin and under the caption "Clearing House Section" will be found the second-prize article, submitted to the last convention of the American Institute of Banking held at Chattanooga, in the contest arranged by the Clearing House Section for the best papers on "Symbols For Transit Departments," in which three prizes were offered. This article, as well as the one in the July Journal and Bulletin, should command the careful perusal of Transit Managers and those particularly interested in Transit Departments of banks.

From the early agitation of this subject a few months ago by the Clearing House Section, and the preparation of a system of letters and numbers for the twenty-five largest cities, the problem has been taken up by some States as well as banks in the larger cities with a view of devising a scheme for lessening the work in Transit Departments. So many plans have been worked out along this line that under the present conditions unless some radical action is taken there will be unqualified complications. Without uniformity this proposition will fail, and early action should be taken with a view to unifying the various plans proposed.

LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

DEROGATORY STATEMENTS AFFECTING BANKS.

An Iowa bank has recently reported to the Association that some of its best customers have been receiving anonymous letters advising them to take out their money from the institution and the bank has asked for advice regarding the matter. It has been advised to place the locating and identifying of the offenders in the hands of this Association's local detective agents and, if possible, to procure the punishment of such offenders under the Iowa libel law. The statute of Iowa, so far as applicable to this particular case, defines a libel as "The malicious defamation of a person made public by * * * writing * * * tending to * * * deprive him of the benefits of public confidence."

Whether or not offenders of this kind can be punished under this law is questionable. In Pennsylvania, three years ago, in a somewhat similar case where a person sent out circulars broadcast notifying all holders of his checks on a certain bank to present them immediately, failing which he would no longer be responsible—he having no checks outstanding on such bank and the circulars being malicious and intending to injure the standing of the bank—the court held the offender could not be punished, as under the law of Pennsylvania a corporation could not be libeled and it recommended the enactment of a special statute to govern such offenses.

In December, 1907, General Counsel drafted the following proposed law especially to cover this class of offenses:

Any person who shall wilfully and maliciously make, circulate or transmit to another or others any statement, rumor or suggestion, written, printed or by word of mouth, which is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of any bank, savings bank, banking institution or trust company doing business in this State, or who shall counsel, aid, procure, or induce another to start, transmit or circulate any such statement or rumor, shall be guilty of a (felony or misdemeanor), and upon conviction thereof, shall be punished by a fine of not more than five thousand dollars or by imprisonment for a term of not more than five years, or both.

The enactment of this law has been procured in several States but not, as yet, in Iowa, and the occurrence just reported indicates the need of such a statute in that State. The matter will be brought to the attention of the Secretary and Legislative Committee of the Iowa Bankers' Association prior to the next meeting of the Iowa Legislature.

VALIDATION CERTIFICATES ON EXPORT COTTON BILLS.

Important progress has been made under the auspices of the committee on bills of lading of this

Association, along the line of increasing the security of through order notify bills of lading for export cotton by validation certificate of the issuing railroad.

As a result of the disclosures this spring of the huge frauds in the south in connection with cotton bills, foreign cotton buyers and bankers, as is well known, became alarmed and it was repeatedly stated by representatives of foreign interests that under existing conditions, they could no longer take the risk of accepting drafts against such bills of lading, as a result of which the burden of financing cotton bills would be thrown upon the banks on this side of the water. Recently, this foreign sentiment took definite shape, when at a meeting held in London on July 21st of a committee representing sixteen leading English and Continental banking institutions, formed as a result of the cotton frauds in the south, the following resolution was passed and cabled to the leading American banks:

"That the banks comprised in this Committee agree that in case of drafts drawn upon banks against bills of lading for cotton negotiated through exchange buyers in America, the banks will decline from October 31st onward to accept against the bills of lading relating to such drafts unless the genuineness of the bills of lading, both as to signature and as to possession of the cotton by the carriers up to the time of issue, be guaranteed by such exchange buyers to the satisfaction of the banks concerned."

Foreseeing some such situation, Chairman Hollister of our committee on bills of lading, a few months ago, designated Mr. Walter E. Frew, the New York member, to act as chairman of a sub-committee of New York bankers to thoroughly consider the subject and devise some practicable plan by which export cotton bills could be safeguarded and the threatened disturbance in the method of financing such bills avoided.

Numerous meetings were held in New York at the headquarters of the Association and elsewhere and various plans considered. The one that has finally been adopted has grown out of negotiation with railroad officials.

At a conference held in White Sulphur Springs, West Virginia, on July 19, attended by fifty-four railroad officials (thirty-nine of whom represented southeastern and fifteen southwestern cotton carrying railroads), and by Mr. Talbert, of the National City Bank and Mr. Kent of the Bankers' Trust Company, representing the bankers' committee, an agreement was reached with the representatives of the southeastern railroads, and tentatively accepted by the southwestern roads, to be formally adopted at a meeting of officials of the latter roads held a week later, by which order notify bills for export cotton should be validated, as to agent's signature, by a certificate of the issuing road attached thereto and also providing in detail how such certificates should

be handled and the conditions upon which export bills of lading should be issued. This agreement ante-dates two days, the action of the London committee and the New York bankers have invited representatives of that committee to meet in joint conference in New York, with the view of reaching an agreement under which the validation certificate plan will be accepted as a satisfactory safeguard by the London bankers. Thus the situation stands at the present writing, the proposed conference not, as yet, having been agreed upon as to time or place. The agreement with the railroad officials, effected July 19, is, in full, as follows:

"Report of a committee of railroad officials and bankers regarding the validation of through order notify bills of lading for export cotton, adopted at a meeting of lines east of the Mississippi River, held at White Sulphur Springs, West Virginia, Tuesday, July 19th, 1910, and tentatively accepted by all lines west of the Mississippi River represented at the above meeting. It being understood that the agreement will be adopted by all western lines at a meeting to be held within one week.

"Your committee appointed to consider the form of certificate to be attached to order notify bills of lading for export cotton and the method of their use, recommends the adoption of the certificate in the following form and the following uniform regulations in respect to the issuance of such bills of lading.

"(To be Attached to Order Notify Bills of Lading for Export Cotton Issued by Agents of this Company.)

Bill of Lading Signature Certificate No.....
The..... Railroad Company
hereby certifies:

That..... is its regularly appointed..... Agent at....., and as such is authorized to sign Bills of Lading in accordance with the regulations of this Company, and that the signature on the attached order notify bill of lading No..... dated covering

Place of issue Date
..... bales of cotton
marked....., is his signature.

.....
(Date)

"We recommend that certificates be handled in the following manner, to wit:

That they be issued in book form, with original, duplicate and stub and numbered consecutively, and that they be prepared by each company on paper bearing its own water marks or color tint protective devices. It is suggested that a uniform size of four (4) inches in width and six (6) inches in length be used. The certifying representative will attach the certificate to the bill of lading with mucilage or paste or an irremovable metal fastener.

The certificates will be issued to the agents in the same manner as passage tickets and the same check shall be made of these documents in agents' hands as of passage tickets.

On the date of issue the agent will forward to the accounting department the duplicate certificate, with a non-negotiable copy of the bill of lading. The bill of lading, in addition to its own number, shall bear the number of the bill of lading signature certificate, which is issued in connection with it.

The agent affixing the signature certificate to the bill of lading shall, in addition to signing and dating the same and keeping a record of the number, the date and the quantity of cotton called for by said bill of lading and certificate, stamp the same partly on the bill of lading and partly on the certificate in such manner that tampering or irregularity would be apparent.

Spoiled certificates shall be immediately cancelled and returned to the auditor, with report.

It is further recommended that through export bills of lading be issued upon the following conditions.

Agents are to be instructed not to sign bills of lading until the cotton is in possession of the railway company.

It being understood that cotton bills of lading may be issued on loading certificates certifying that cotton is loaded in cars designated by initials and numbers; issued by duly authorized agents of compress or warehouse companies that have executed the usual contract and bonds with the railway company, but not otherwise.

Bills of lading will be issued only by agents or other representatives of the company, who are duly authorized to do so.

Only one original bill of lading shall be issued for each shipment. The practice of issuing duplicate and triplicate bills of lading will be discontinued, but as many copies as are reasonably required may be issued, provided they are endorsed "Copy, not negotiable."

The number of bales of cotton and the marks shall be written in pen and ink in the original bill of lading and not inserted with typewriter or any other manner.

There shall be no additions, erasures or changes in bills of lading.

Bills of lading will be issued in serial numbers, beginning with No. 1 at each issuing station on the 1st of September of each year. All copies of bills of lading shall bear the same number as the original.

A copy of each bill of lading will be forwarded on the date issued to the agent of the water carrier at the port of export, in the case of direct shipments, or at the port of trans-shipment, in the case of indirect shipments.

The shipper is required to accept the conditions of the bill of lading by attaching his signature or the signature of his authorized representative to the original and agent's copy."

OPINIONS.

Summary of Questions Received and Opinions Rendered to Members of the Association.

NEGOTIABILITY OF KANSAS FORM OF NOTE.

Note providing for interest from date until paid, with further provision "if paid when due no interest will be charged" is negotiable in Kansas—In other States some courts hold negotiable and some non-negotiable.

From Kansas.—I am enclosing form of note which I have found in general use in this community:

\$.....	Kansas,
.....after date, I, we, or either of us,
promise to pay to order of.....	
.....	
at the State Bank of Kansas	
.....	Dollars
Value received, with	per cent interest
from	until paid.
The makers, endorsers, guarantors and	
sureties hereof severally waive presentment for	
payment, demand, protest, and notice of protest	
for nonpayment of this note. If paid when due	
no interest will be charged.	
P. O.	
.....	
.....	

The question has been raised as to the negotiability of this note, and I would be pleased to have your opinion as construed under the Negotiable Instruments Law of Kansas.

The note, when filled out, provides for interest at a given rate from date until paid and the only provision in it which would give rise to any question as to its negotiability is the clause: "If paid when due no interest will be charged."

In some States a provision of this kind has been held to destroy negotiability, while in other States, including Kansas, such a note would be negotiable. The Kansas case upon which this statement is based is Parker v. Plymell, 23 Kan. 402.

The note in that case promised to pay interest at twelve per cent. after maturity and further provided: "If this note is not paid at maturity, the same shall bear twelve per cent. interest from date." The court held that these words did not destroy the negotiability of the note, as they did not leave uncertain either the fact, the time or the amount of payment. "The effect of the stipulation," the court said, "is no more than that of a promise to pay twelve per cent. from date until paid with a proviso that if promptly paid at maturity, no interest will be required." Such is the provision of the note submitted and hence, in Kansas, it is a negotiable instrument.

The Negotiable Instruments Law contains no specific provision which would determine the negotia-

bility or non-negotiability of a note containing the clause in question. The general provisions of that law concerning certainty as to sum and specifying particular cases where the sum is to be deemed a sum certain, do not go to the extent of specifying an instrument containing a clause of this nature. The Negotiable Instruments Act, however, contains a general provision: "In any case not provided for in this act the rules of the law merchant shall govern." This makes the decisions rendered before the act applicable. As already said, a note with such a clause, while negotiable in Kansas, is not universally so held in all the States, as some courts have held that such provisions destroy negotiability and the enactment of the Negotiable Instruments Law in any such States would not necessarily change the judicial rule.

RUBBER STAMP INDORSEMENT FOR DEPOSIT.

Considered from standpoint of legality and practicability.

From California.—Kindly advise us as to whether the following is a proper endorsement on a check made payable to John Doe:

For deposit with the
Blank National Bank
of Blank,
to the credit of
John Doe

On the above rubber stamp indorsement could the drawer of the check have a valid receipt for receipt of funds on the check by John Doe?

I think the indorsement "for deposit with the Blank Bank to the Credit of John Doe" is a proper form of indorsement except in any locality where, by reason of Clearing House rules, the form of indorsement "for deposit" is prohibited or discriminated against.

On the question whether the indorsement is objectionable because imprinted with rubber stamp instead of being in the handwriting of the payee, the courts have held indorsements by rubber stamp, whether in title-conveying or agent-creating form, as legal as written indorsements. In certain cases, however, from the practical standpoint, rubber stamp indorsements may be objectionable because of the difficulty of knowing or proving that the stamped indorsement is authorized by the indorser. In the case of a stamped indorsement "for deposit," however, the drawer could readily prove that the money was paid into the payee's bank for his credit, and I do not see why it would not serve the purpose of a receipt, equally as a written indorsement by the payee. If we assume a rare case where, for example, a check for an unliquidated demand and containing a clause "in full of all demands" is received at the office of the payee during his absence and the stamped indorsement "for deposit" is placed thereon and the check deposited without his authority, even here, it seems to me, the payee would be bound by the payment (unless he disavowed his agent's authority and returned the money within a reasonable time), on the ground of ratification. So, it seems to me, for all practical purposes, the indorsement for deposit by rubber stamp is as good a receipt to the drawer as a hand written indorsement; and, from the

standpoint of the payee, it is much more convenient, especially in cases of large business concerns who receive hundreds of small checks each day.

ALTERATION OF CHECK.

Where holder, without drawer's consent, alters check by changing bank on which drawn, he is guilty of forgery—Rights of drawer and liabilities of bank where check paid by substituted drawee and drawer's subsequent good check dishonored because of shortage created by payment of altered check.

From Mississippi.—Please advise me if anyone except the maker of a check has the right to alter it in any way, and who would be held responsible in such a case as this:

A holds a check drawn by B on the First National Bank payable to C. Check is returned by the First National Bank to A endorsed "Not Sufficient Funds." A changes check without B's knowledge to read First State Bank, and check is paid by First State Bank and charged to B's account. The First State Bank later refuses B's check drawn on them on account of not having sufficient funds, the shortage having been caused by paying check not intended for them. Has B any recourse from A, C, or the bank?

A, the holder of the check, had no right, of course, to change the name of the drawee from the First National to the First State Bank and his act in so doing was a forgery, for which he could be punished.

The First State Bank, which paid the check could not charge it to B's account, as the payment was not authorized by B, and that bank must look to A solely to make good the amount. B's recourse against the bank is for his balance of account undepleted by the amount of the forged check and, furthermore, if B's later check on that bank which was refused payment through mistake as to sufficiency of funds, was issued to another and not simply presented personally by B, the bank would also be liable to B in damages for dishonoring his good check and thereby injuring his credit.

If there was, originally, any liability of B to A on the check after it was dishonored by the First National Bank and before A altered it, A's act in materially altering the instrument without B's consent avoided it and discharged B from any such liability.

The above shows the respective liabilities of A, of B, and of the bank. As to the position of C, I do not see, from the facts shown, that any liability attaches to him.

PRESENTMENT OF SIGHT DRAFT.

Opinion that section of Negotiable Instruments Law allowing drawee 24 hours after presentation in which to decide whether or not he will accept, does not apply to sight drafts which, under that law, are payable on demand, and that collecting bank is not obliged to hold 24 hours for convenience of drawee. Possible doubt created by law can be cured by amendment.

From Connecticut.—May I ask if, under the Negotiable Instruments Law of Connecticut, a bank is obliged to hold for 24 hours after presentation a sight draft, sent the bank for collection, for convenience of drawee? I quote from the General Statutes of Connecticut, Revision of 1902, Chapter 234, Paragraph 4177:

"Payable on Demand. An instrument is payable on demand (1) where it is expressed to be payable on demand, or at sight, or on pres-

entation, or (2) in which no time for payment is expressed * * *."

In the same Chapter, Paragraph 4306, I quote: "Time Allowed For. The drawee is allowed twenty-four hours after presentation in which to decide whether or not he will accept the bill; but the acceptance if given dates as of the day of presentation."

Your valued opinion is awaited with interest.

Under the law merchant, a bill payable on demand was not presentable for acceptance but only for payment. Speaking of the right of the holder to present for acceptance a bill payable at a future time Daniel, in his work on Negotiable Instruments at section 449 says: "It is the right of the holder of a bill to present it for, and insist on its acceptance, even so late as the day before it falls due. If not presented for acceptance until the day it falls due, the right to demand acceptance becomes merged in the right to demand payment." And further, speaking of bills payable on demand, the same author at section 454 says: "Bills payable on demand (which are immediately payable on presentation) * * * need not be presented for acceptance at all, but only for payment."

These quotations indicate that under the law merchant, as said, a bill payable on demand was not presentable for acceptance, but only for payment, unless in special cases where, for example, the drawee was in one place and the bill fixed another place at which it should be paid, in which case it would require acceptance by the drawee before presenting for payment at the specified place.

This being the law merchant, I think the framers of the Negotiable Instruments Act when they drafted the section allowing the drawee twenty-four hours in which to decide whether or not he would accept a bill, did not intend that such section should apply to demand bills but only to such bills as are properly presentable for acceptance. At the same time, by not qualifying or restricting the application of this section in any way, they have left the matter in considerable doubt and uncertainty.

For example, the Supreme Court of Pennsylvania in 1908 (*Wisner v. First Nat. Bank of Galitzin*) held that the section of the Negotiable Instruments Law following the one above referred to—the section which provides that the failure or neglect of the drawee to whom a bill is delivered for acceptance to return the bill accepted or unaccepted to the holder within twenty-four hours after delivery, makes the drawee an acceptor of the bill—applied to checks, pointing out that the act provides that "a check is a bill of exchange drawn on a bank, payable on demand. Except as herein otherwise provided, the provisions of this act applicable to a bill of exchange payable on demand apply to a check" and saying that "no provision of the act has been pointed out, and we know of none, making section 137 (Pa. Act) inapplicable to bank checks presented for payment." In this case the bank, which had not within twenty-four hours returned a check which had been mailed to it for collection was held an acceptor and the legislature of Pennsylvania last year passed a law to counteract the effect of this decision.

Equally in the present case, the drawee of a sight bill which is payable on demand, might contend that the act allowed him twenty-four hours to decide whether or not he would accept it and that

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INCLUDEING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

there is nothing in the act which makes this twenty-four-hour provision inapplicable to such kind of bills. Of course, it could be contended on the other hand that the bill was not presented to him for acceptance at all, only for payment; but as the act stands it leaves the question a doubtful and troublesome one in cases where the drawee does not refuse payment on presentation (in which case protest could unquestionably be made immediately) but asks for twenty-four hours in which to decide.

Since writing the foregoing, the recent decision of the United States Circuit Court of Appeals, Eighth Circuit, in First National Bank of Omaha v. Whittemore, 177 Fed., 397, fortifies the view above expressed that the drawee of a sight draft (by the act payable on demand) does not come within the meaning of the provision of the Negotiable Instruments Law that

"The drawee is allowed twenty-four hours after presentment in which to decide whether or not he will accept the bill; but the acceptance if given dates as of the day of presentation."

In that case, equally as in the Pennsylvania case above referred to, the section of the Negotiable Instruments Law involved, was the one next following the above, which provides

"Where a drawee to whom a bill is delivered for acceptance destroys the same, or refuses within twenty-four hours after such delivery or within such other period as the holder may allow to return the bill accepted or nonaccepted to the holder, he will be deemed to have accepted the same."

Sight drafts had been presented to the drawee, one C, and not returned within twenty-four hours. It was contended that under the above provision of the Negotiable Instruments Law of Nebraska, the drafts must be deemed to have been accepted by C and claim for the amount was made against C's

estate. But the Court, denying the claim, said: "They were sight drafts and were delivered to C * * * for payment, and not for acceptance. Presentment for payment and presentment for acceptance are two different acts, well known to the law of negotiable instruments. Presentment for payment cannot be made until the instrument presented for payment is due. Presentment for acceptance must be made before the instrument presented for acceptance is due."

Notwithstanding the contrary decision of the Pennsylvania Supreme Court, previously referred to, that the section last above quoted applies to bank checks payable on demand, I think the language of the Circuit Court last quoted gives clearly the correct view as to the proper construction of the section of the Negotiable Instruments Law involved. Under this decision, the drawee who fails to return a check or sight draft within twenty-four hours, does not accept the same, as the instrument has not been presented to him for that purpose, but only for payment; and it equally follows from the same reasoning that the preceding section of the Negotiable Instruments Law, involved in the inquiry submitted, and which allows the drawee twenty-four hours after presentment to decide as to acceptance, does not apply to checks or to sight drafts. I think, therefore, a collecting bank is not obliged to hold a sight draft twenty-four hours after presentation for convenience of drawee, but can protest immediately. That certainly is the course which would be followed with a bank check, and a sight draft, equally with a check, is an instrument payable on demand under the definition of the Negotiable Instruments Law. To clear up any possible doubt it might be well for the legislature to amend the twenty-four-hour sections of that law by inserting in the one that "the drawee of a bill payable otherwise than on demand, is allowed twenty-four hours," etc., and in the other, that "where a drawee to whom a bill other than one payable on demand, is delivered for acceptance," etc.

REGISTRATION.

THE offices of the Association, being so centrally located in the financial district—corner of Nassau and Pine Streets—make a very convenient place for members and their friends to meet when in New York. One of the large offices has been fitted up as a library and reading room, in which are kept on file the financial papers of the country and other current literature. Every facility has been provided for correspondence, and the Association's stenographers are at the service of the members, who can have their mail and telegrams sent in care of the office. The Association telephone is also at their service when they wish to communicate with the banks or their friends. The members are cordially invited to avail themselves of these privileges, and it is very much hoped they will do so.

The following visitors registered during the month of July:

Col. F. H. Fries, President Wachovia Loan and Trust Co., Winston-Salem, N. C.

Wm. M. Rosendale, Assistant Cashier Market and Fulton National Bank, New York, N. Y.

L. L. Gillespie, Vice-President Equitable Trust Co., New York, N. Y.

F. O. Watts, President First National Bank, Nashville, Tenn.

Lewis E. Pierson, President Irving National Exchange Bank, New York, N. Y.

W. J. B. Patterson, Editor "The Texas Banker," Dallas, Tex.

W. Livingstone, President Dime Savings Bank, Detroit, Mich.

Theodore B. Morris, Morris and Holden, New York, N. Y.

Geo. D. Bartlett, Secretary Wisconsin Bankers Association, Milwaukee, Wis.

E. W. Stetson, President Citizens National Bank, Macon, Ga.

Harry Stillwell Edwards.

Col. Robert J. Lowry, President Lowry National Bank, Atlanta, Ga.

E. E. Lindemuth, President Clearfield Trust Co., Clearfield, Pa.

J. F. Sartori, President Security Savings Bank, Los Angeles, Cal.

Capt. Wilson I. Davenny, New York, N. Y.

J. G. Craft, Cashier The Hartwell Bank, Hartwell, Ga.

Mrs. Craft, Hartwell, Ga.

Wm. J. Henry, Secretary New York State Bankers Association, White Plains, N. Y.

E. D. Durham, Manager The Onarga Bank, Onarga, Ill.

A. V. Coffman, Evanston, Ill.

A. J. Skinner, Assistant Cashier Third National Bank, Springfield, Mass.

J. D. Arvine, Cashier First National Bank, Napanee, Ind.

Mrs. Arvine, Napanee, Ind.

Wm. R. Creer, Secretary Cleveland Savings and Loan Co., Cleveland, Ohio.

Allen W. Johnston, Treasurer The Schenectady Savings Bank, Schenectady, N. Y.

Alfred Howard, Deland, Fla.

C. C. Hay, Vice-President Steurer Publishing Co., New York, N. Y.

F. D. Brundage, Assistant Manager Knauth, Nachod and Kuhne, New York, N. Y.

Mrs. Brundage, New York, N. Y.

Miss Edna Brundage, New York, N. Y.

John A. Snedeker, Cashier Central Bank of Westchester Co., White Plains, N. Y.

J. A. Overton, Cashier National Bank of Smithtown Branch, Smithtown Branch, N. Y.

A. W. Moore, "Moore Certificate," Chicago, Ill.

A. W. Ferrin, Publisher "Moody's Magazine," New York, N. Y.

O. C. Dunlap, President Citizens' National Bank, Waxahachie, Tex.

J. T. McCarthy, Vice-President First National Bank, Lovelady, Tex.

R. Spreckels, President First National Bank, San Francisco, Cal.

MORTUARY RECORD OF MEMBERS FOR JULY, 1910.

The following list is compiled from the financial journals. If, in future, our members will advise the Journal of the decease of any officer or director of their Institution, giving name, title, age and date of death, the same will be published.

Bleier, Julius—President Third National Bank, Pittsburg, Pa.

Borne, John E.—Director National Park Bank, New York, N. Y.

Cowell, Paul—President State Bank of Vinton, Vinton, Iowa.

Crisp, Herbert G.—Cashier City Bank Co., Lorain, Ohio.

Day, George P.—Cashier Merchants National Bank, Sioux City, Iowa.

Edinger, W. H.—President German Insurance Bank, Louisville, Ky.

Fraser, P. B.—President Farmers and Merchants Bank of Stockton, Stockton, Cal.

Hays, Samuel S.—Director First National Bank, Gaithersburg, Md.

Hoskins, Charles—Cashier Cayuga County National Bank, Auburn, N. Y.

Knowlton, Frederick—Assistant Cashier Muskogee National Bank, Muskogee, Okla.

Kuhn, Louis—Vice-President Fifth-Third National Bank, Cincinnati, Ohio.

Neill, Alexander—President Hagerstown Bank, Hagerstown, Md.

Stillwell, George—Director First National Bank, Whitehouse, N. J.

Styles, Samuel D.—President North River Savings Bank, New York, N. Y.

Yocom, Louis E.—President Citizens National Bank, Wooster, Ohio.



PROTECTIVE DEPARTMENT

L.W. GAMMON

MANAGER

Members are requested, in case of attempted or successful perpetration of fraud, forgery, burglary, or hold-up, to wire the American Bankers Association, 11 Pine Street, New York, N. Y., at once; and follow the wire up immediately by letter, giving the details as fully as possible.

It having become apparent through recent developments in the protective work of the Association that bank forgers are securing sample checks from engraving, printing and stationery houses, utilizing these samples for reproduction of checks and drafts, houses which furnish checks and drafts should not distribute samples promiscuously and banks should discourage this custom by utilizing these samples for reproduction of their supply.

The criminal records which appear in this publication are under the direct supervision of the Manager of the Protective Department. They are a part of the records of the Association and are not, as heretofore, published without opportunities for verification as furnished by the former agency.

A person employing the name of A. F. Cronje is issuing worthless checks drawn on a New York bank (M). He is described as 32 years of age, 5 feet 11 inches tall, weighs 185 to 200 lbs., tanned complexion, raw boned, smooth shaven, light hair. We furnish below a specimen of his handwriting:

*A F Cronje
One hundred and fifty
5 34 \$150.00*

On June 25th, 1910, the local police of Los Angeles succeeded in apprehending F. B. Hatfield for defrauding merchants with worthless checks drawn on a bank (M) in Sierra Madre, Cal. Hatfield is described as 19 years of age, 6 feet tall, weighs about 170 lbs., stocky build, light complexion, prominent nose, brown eyes, medium brown hair and smooth shaven.

In the June Journal we published an article concerning the operations of one W. M. O'Neill. We learn that this party has since been apprehended by the local police of Laramie, Wyo.

A number of cafe proprietors in Pittsburg were victimized last month by one Ernest Hermann for whom they cashed worthless checks drawn on a Pittsburg bank (M) and purporting to be signed by the Allis & Corliss Company. Hermann, who fraudulently claimed to represent that concern, is described as 42 years of age, 5 feet 9 inches tall, weighs about

170 lbs., ruddy complexion, dark hair (slightly bald), brown eyes, dark mustache, and when last seen wore a blue serge sack suit, soft gray hat and a blue shirt. He is an educated German and claims to be a graduate of Heidelberg University.

A person giving the name of Joseph Russo is uttering worthless checks drawn on a bank (M) in New York, where he succeeded in defrauding a merchant. Russo is described as an Italian, who speaks good English, is 25 years of age, 5 feet 6 inches tall, weighs 135 lbs., black hair, dark eyes, dark complexion. We furnish below a specimen of his handwriting:

*July 9th 10
Nineteen Hundred + Fifty
Joseph Russo*

The local police of Brooklyn, N. Y., on July 8th, 1910, succeeded in arresting Julius Klein, who was caught in the act of trying to pass a forged check on a bank (M) in that city.

A person employing the name of F. W. Gray is circulating bogus post office money orders. Two hotels in Peoria, Ill., were defrauded through the operations of this swindler.

On June 28th, 1910, the police of Portland, Ore., caused the arrest of John Davies on the charge of defrauding merchants with worthless checks in Spokane, Tacoma, Seattle and Sacramento.

Members are warned to be on the lookout for one William Burton, who last month made an at-

tempt to defraud a bank (M) in Plainfield, N. J., by means of worthless checks drawn on a bank (M) in Washington, D. C., and New York City. Burton is described as 18 years of age, about 5 feet 9 inches tall, slim build, light hair, high cheek bones, large nose, pointed chin. When last seen he wore a light gray suit and cap and tan shoes. We furnish below a specimen of his handwriting:

William Burton 40 ^{oo}

Forty ^{oo} —

Arnold Burton

The local police of Pawtucket, R. I., on July 2d, 1910, succeeded in causing the arrest of Samuel Lockwood on the charge of defrauding merchants with worthless checks drawn on a Pawtucket, R. I., bank (M).

A person employing the name of Louis C. Holtz is issuing worthless checks drawn on a Lowell, Mass., bank (M). He made his appearance in Rutherford, N. J., last month. Holtz is a German, about 45 to 48 years of age, is 5 feet 7 inches tall, weighs 180 lbs., dark mustache tinged with gray; represents himself as a building contractor and has a fairly prosperous appearance.

Harry Hanson is wanted in San Francisco, Cal., for defrauding a bank (M) in that city on three forged checks, each for small amounts. Hanson, who is a woodworker and machinist by trade, is 28 years of age, 5 feet 6 inches tall, weighs 135 lbs., slender build, light hair, smooth shaven, pointed chin, small finger of right hand cut off at second joint, second and third finger of right hand damaged.

On July 18th, 1910, the local police of New York City placed under arrest Bernard Decaro and Irving Mark, each 22 years old, as they attempted to cash a forged check on a bank (M) in New York City.

A report comes from Central Ohio that a bogus check operator has recently appeared in that territory, where he has succeeded in defrauding a number of merchants. The checks circulated by this person are drawn on a bank (M) in Monroe, Mich., and purport to be signed by the National Nursery Company, per C. A. Allen, Jr., Secretary and Treasurer. Each check is usually for \$10.

We are advised that a person employing the name of Geo. A. Hobard is issuing worthless checks drawn on a Los Angeles bank (M). During last month he operated in Southern California, where he defrauded a number of merchants who cashed his checks, which were payable to Hobard's order and purported to be signed by the Van Zandt Ranch. Hobard is described as 35 years of age, 5 feet 10 inches tall, weighs 165 to 170 pounds, medium build, gray eyes, brown sandy hair, smooth shaven. A specimen of his handwriting is furnished below:

June 27

Ralph's Grocery Co
The Van Zandt Ranch



GUS SCHWAB.

We publish herewith photograph of Gus Schwab, alias Gus Smith, who is wanted for perpetrating a forgery on a bank (M) in Charter Oak, Iowa. Schwab is 27 to 30 years of age, about 5 feet 6 inches tall, weighs about 140 lbs., is smooth shaven, has light auburn hair, large straight nose, very thick lips, and is partially blind in the left eye. When last seen he wore a dark green suit, with blue and gray stripes, light shirt with blue flower, dark red necktie of braided style, black derby hat and carried a new imitation alligator suit case. We furnish below a specimen of his handwriting:

P 86 Rockwell

Gus Smith

58

58 ^{oo}

As reported in a previous issue of the Journal, M. F. Reischling was taken into custody in Corpus Christi, Tex., for issuing worthless checks in that city. This person defrauded a bank (M) in Rosedale, Kan., by means of a bogus check and on July 1, through the efforts of the Protective Department, Reischling was returned to Rosedale, where he is now lodged in jail awaiting trial.

On June 29, 1910, H. R. Davis, who was arrested for forgery in Kansas City, Mo., was sentenced to serve three years in the Jefferson City, Mo., penitentiary.

Gordon Sutherland, whose operations were reported in a previous issue of the Journal, has transferred his activities from Utica, N. Y., to New York City, where he is issuing worthless checks drawn on a bank (M) in the latter city. Thus far he has attempted to defraud no member of the Association.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

On June 29, 1910, the local police of Butte, Mont., arrested Willard Thompson in connection with the attempted burglary of a bank (M) in Layton, Utah. Thompson has since been sentenced to twenty years in the Utah State penitentiary. There were two persons implicated in the attack on this bank, Thompson-



WILLARD THOMPSON.

son and William Bringhurst. A notice of the arrest and sentence of Bringhurst appeared on Page 18 of the July Journal.

A pair of very dangerous swindlers has recently operated in the northwest and succeeded in defrauding two banks by presenting drafts accompanied by savings bank books that had, in each case, been stolen from depositors. One of the swindlers is described as 35 years of age, 5 feet 9 inches tall, weighs 160 pounds, smooth shaven, wore a dark suit of clothes, black soft hat with wide rim. The other person is described as 30 to 35 years of age, 5 feet 10 inches tall, weighs about 150 pounds, medium complexion, smooth shaven, dark brown hair, dark piercing eyes, rather deep set, heavy eye brows, prominent nose and chin, rather thin face, wore a light blue-gray suit.

On the strength of information presented by, and at the request of our detective agents—the Burns & Sheridan National Detective Agency—the United States Secret Service Department placed under arrest in Bremerton, Wash., on July 18, 1910, John Studebaker on the charge of forging the endorsement to a check issued by the United States Government which resulted in a loss to a Tacoma, Wash., bank (M). Studebaker has been committed to the King County Jail in Seattle, Wash., in default of \$2,000 bail to await the action of the Federal Grand Jury.

On July 5, 1910, the local police of Chicago, Ill., arrested Harry Korup at the request of our detective agents, the Burns & Sheridan National Detective Agency. Evidence was produced showing that Korup had forged several checks on banks (Ms) in Chicago, and that he was an accomplice of Geo. Levy and Joseph Reilly who, as reported in a previous issue, were arrested through the efforts of the Burns & Sheridan Agency and are now awaiting trial in Chicago. Korup is being held to await the action of the Grand Jury.

On July 7, 1910, the local police of Washington, Pa., placed under arrest Seymour Adams at the request of and on information furnished by our detective agents, the Burns & Sheridan National Detective Agency. Adams had defrauded a bank (M) in Netcong, N. J., by means of a bogus check drawn on a bank (M) in New York. He has been returned to Netcong, N. J., where he is lodged in jail awaiting trial.

On July 11, 1910, the local police of Chicago, Ill., succeeded in apprehending J. J. Kline, alias J. J. Newman, who had defrauded merchants in that city by means of worthless checks on the fraudulent representation that he was a salesman for the Goodwin Remedy Company. Kline is 28 years of age, 5 feet 3 inches tall, weighs 125 pounds, smooth shaven, black hair, dark complexion, brown eyes, pointed nose.

Merchants in Frankford and Copemish, Mich., were last month victimized by one J. B. Valier, who presented worthless checks purporting to bear the signature of G. H. McMahon, drawn on a bank (M) in St. Ignace, Mich.

On July 19, 1910, W. Herman was arrested by the local police of Toledo, O., for issuing bogus checks payable to his order which purported to bear the signature of the Otis Collar Company. Herman had defrauded merchants with these worthless checks.

We desire to warn members to be on the lookout for a dangerous swindler who has attempted to defraud banks in the middle west during the past month. When last heard of he had in his possession a bogus draft for \$11,000, a savings bank book purporting to represent a deposit of \$2,225 in a distant city, and a worthless certificate of deposit for \$700. His scheme is to call at the bank, open an account with the above-mentioned items and state that he intends to buy some property in that town and make his home there. He mentions that he is short of ready cash and usually requests that the cashier let him have \$210 until the bank ascertains the authenticity of the deposits. If the money is paid to him he leaves town as quickly as possible; otherwise he returns to the bank in an hour or two and requests the return of the draft, bank book, and certificate, and states that he will deposit same with another bank that is likely to be more accommodating.

This swindler, who employs the name of B. J. Gifford, is described as 30 to 35 years of age, 5 feet 7 or 8 inches tall, weighs 130 to 140 pounds, slim build, thin face, high forehead, brown drooping mustache, fine brown hair, face and hands pretty well tanned, wore a striped gray suit, dark gray soft hat, brown tie, black shoes, masonic emblem in button-hole of coat lapel, quiet spoken, rather diffident and hesitating in manner, and is somewhat nervous in signing papers. He is accompanied on his travels by a woman whom he represents to be his wife.

Members are cautioned against the operations of a clever swindler who made his appearance in Chicago the middle of last month and on that occasion victimized a bank (M) in that city. On June 28, this person, who gave the name of John C. Ross, called at the bank in question and opened an account, stating that he was in the advertising business and giving an address that proved later to be fictitious. On July 11, he reappeared at the bank and, stating that he had some debts to settle which made it necessary to close out his account, issued a check against his account and had the paying teller cash it. A few minutes later the paying teller left the bank to go to lunch, and in his absence Ross made another call at the bank and, stepping up to the paying teller's window, asked the teller then in charge what his bank balance was. The check which was cashed for Ross had not yet been turned over to the bookkeeper to be charged against Ross' account; the paying teller therefore, told Ross that the full amount of his original deposit still remained to his credit. Ross then issued a second check, obtained the money and left the bank. The fraud was not discovered until this second check reached the hands of the bookkeeper. In the meantime Ross had left the city for parts unknown. This swindler is described as 28 years of age, 5 feet 6 or 7 inches tall, weighs 145 pounds, dark hair, dark eyes, smooth shaven, sallow complexion, somewhat untidy in dress and when last seen wore a medium gray suit.

On July 19, 1910, the local police of Cincinnati arrested Samuel Levenson at the request of, and on information furnished by our detective agents, the Burns & Sheridan National Detective Agency, whose local representative was present when the arrest was made. As reported in the July issue of the Journal,

Levenson had forged his brother's name to a check drawn on a bank (M) in that city. The warrant for Levenson's arrest was sworn out by his brother, who subsequently made good the loss and refused to prosecute. Levenson was accordingly released from custody.

On July 7, 1910, Lee West, whose arrest was brought about through the efforts of our detective agents, the Burns & Sheridan National Detective Agency, as reported in the July Journal, was given an indeterminate sentence of one to fourteen years in the Idaho State Penitentiary, for a forgery committed on a Bellevue, Ida., bank (M).



KIETH B. MORRIS.

On July 1, 1910, the local police of Haverhill, Mass., succeeded in causing the arrest of Kieth B. Morris, whose photograph is published herewith. Morris had stolen a check book from his former employers, the Osborne Manufacturing Company, and before he was apprehended had succeeded in cashing 106 of these checks, his victims consisting mainly of merchants and hotel keepers. The checks were all drawn on a bank (M) in Rochester, N. H. Morris is 19 years of age, 5 feet 5 inches tall, weighs 125 pounds, smooth shaven, stout build, and when arrested wore a suit of light clothes and a cap. His known aliases are William Blake, Edwin Donovan, Edward Blair, Edward Blake and Edward Parker. If any member has suffered through the operations of this party and can identify him from the above photograph it is requested that the Protective Department be notified.

A bogus check operator has recently appeared in Hartford, Conn., Baltimore, Md., Albany, N. Y., and Norfolk, Va., and in each city has left a trail of worthless checks drawn on a bank (M) in New Haven, Conn. The checks are made payable to Lewis Wenfeld and purport to be signed by the M. R. Lee Drug Company, some of them bearing what purports to be the signature of Albert J. Wenfeld.

On July 7th, 1910, the local police of Middletown, N. Y., placed under arrest T. J. Avery, who, it is said, is wanted in Seattle, Wash., for uttering worthless checks.

Leo Fuerst, who was a private in the United States Army, is wanted in Atlanta, Ga., for forging the signature of the captain of his regiment to a number of checks and thus defrauding an Atlanta bank (M). Fuerst deserted his regiment as soon as the forgeries were discovered. He is 24 years of age, 5 feet 8 inches tall, weighs 130 lbs., blue eyes, dark brown hair, ruddy complexion, smooth shaven.

We desire to caution members against one Howard Coombs, who recently forged a check on a bank (M) in Nashville, Tenn., and in that way defrauded the bank out of a small sum. Coombs has also issued a number of worthless checks in different parts of the country. He is 23 years of age, about 5 feet 7½ inches tall, weighs 120 lbs., sallow complexion, flaxen (very light) hair, and is said to be an excellent penman. A specimen of Coomb's handwriting is furnished below:

Howard Coombs
Fifty and 00/100
Marion Coombs

The local police of Toledo, O., last month arrested E. H. Griffin for defrauding merchants with worthless checks drawn on a bank (M) in Ann Arbor, Mich. Griffin, who claimed to be an attorney, is 31 years of age, 5 feet 6 inches tall, weighs 120 lbs., slender build, sallow complexion, gray eyes, dark hair, small dark mustache. His checks purported to be signed by G. H. Rouse.

The attention of this Department has been called to a bogus check operator who last month defrauded several Pittsburgh merchants. The checks circulated by him are made payable to A. H. Gentry, and purport to be drawn by Chas. F. Hughes on a Pittsburgh bank (M). He has also issued a number of checks drawn on a Philadelphia bank (M), payable to Wm. M. Justice and bearing the signature Harry G. Day. The person issuing these checks is described as 38 to 40 years of age, 5 feet 8 inches tall, weighs 140 lbs., black hair (slightly bald), dark complexion, black Vandyke beard streaked with gray. We furnish below a specimen of his handwriting:

A. H. Gentry
A. F. Gentry

One George W. Fischer last month defrauded merchants in Cincinnati with worthless checks drawn on a bank (M) in Cincinnati. Fischer is described

as 30 years of age, 5 feet 8 or 9 inches tall, medium build, weighs 150 lbs., fair complexion, chestnut hair, deep set eyes, smooth shaven, has mole in center of left cheek, and is neatly dressed.

A person employing the name of B. Rosenthal and Sam Epstein is issuing forged checks drawn on a Philadelphia bank (M), and purporting to bear the signature of one B. Weissberg, a depositor in that bank. The checks which this person is using were stolen by Rosenthal, alias Epstein, from Weissberg's check book, and the signature had been so cleverly forged that the Philadelphia bank cashed two of the checks before the forgeries were discovered. Rosenthal, alias Epstein, who represents himself as a neckwear salesman, is described as 35 years of age, 5 feet 6 inches tall, weighs 145 lbs., has black hair, black mustache, dark eyes, wore a dark suit with low crown straw hat, is a quiet talker of good address and is agreeable in manner. We furnish below a specimen of his handwriting:

*I Epstein
One hundred —
B. Weissberg. 100⁰⁰*

The local police of New York City on July 13th, 1910, arrested Broughton Brandenburg on the charge of defrauding an individual by means of a worthless check drawn on a New York bank (M).

On June 29th, 1910, the local police of Long Beach, Cal., arrested Jas. T. McDaniels for issuing worthless checks drawn on a bank (M) of that city and defrauding merchants and storekeepers.

On July 1st, 1910, the local police of Los Angeles, Cal., apprehended C. A. Quintard for defrauding merchants with bogus checks drawn on a Los Angeles bank (M).



CUSTER GALLAGHER.

On June 28th, 1910, the local police of Enid, Okla., placed under arrest Custer Gallagher, alias Little Billie, in connection with the burglary committed on a bank (M) in Ford, Kans., last February. The arrest was brought about through information furnished

by Post Office Inspector C. P. Johnson, of Hutchinson, Kans., who happened to be in Enid, Okla., on the date mentioned and recognized Gallagher from a photograph and description previously furnished him. Gallagher is now lodged in jail in Dodge City, Kans., awaiting trial. If any member can identify the photograph of Gallagher it is requested that the Protective Department be so advised.

On July 12th, 1910, the local police of Kansas City, Mo., arrested H. L. Kingsbury at the request of our detective agents, the Burns & Sheridan National Detective Agency. Kingsbury has been returned to Chicago to stand trial in connection with a forgery committed on a bank (M) in that city.

On page 547 of the June Journal appears an article concerning the operations of a young girl who defrauded a number of New York merchants with worthless checks. On July 23d, 1910, this person tried to pass one of her worthless checks on a grocer. His suspicions were aroused and communicated with the police department, when the girl was immediately placed under arrest. She gave her name as Mary Benson and claimed that Boston, Mass., is her home. She is now lodged in jail in New York awaiting trial.

On July 12th, 1910, the local police of Salem, Ill., placed under arrest John A. George at the request of, and on information furnished by our detective agents, the Burns & Sheridan National Detective Agency, whose representative was present when the arrest was made. George has been returned to Grafton, W. Va., to stand trial for defrauding a bank (M) in that city with a bogus check. A report of this party's operations appeared on page 547 of the June Journal.

In October, 1908, a bank (M) in Miles City, Mont., was defrauded by means of a draft for a large amount to which the name of one of its depositors was forged. Our former detective agents conducted an extended investigation of this case without locating the guilty party, and the case was recently turned over to our new detective agents, the Burns & Sheridan National Detective Agency, with the result that on July 8th, 1910, they succeeded in causing the arrest of Thomas W. Passmore at Olympia, Wash., as the person who was guilty of this fraud.



H. E. OLIVER.

On June 29th, 1910, H. E. Oliver, who was arrested by the local police of Los Angeles for a forgery committed on a bank (M) in that city, was sentenced to serve five years in the California State Penitentiary. If the photo of this party can be identified by any member who may have had dealings with him please advise this Department.

Max Fine, whose arrested was reported on page 13 of the July Journal, was given an indeterminate sentence of four years and six months to six years in Sing Sing Prison. Fine was implicated with one Saul Kessler in a forgery committed on a bank (M) in New York City. Kessler is awaiting trial in New York.



BENJAMIN REICHMANN.

Our detective agents, the Burns & Sheridan National Detective Agency, were successful in apprehen-

hending Benjamin Reichmann, professional hall letter box thief and check passer, and his two accomplices, Nathan Kindler and Harry Pammarance, in New York City on July 23d, 1910. Reichmann is an old timer who had only been released from Elmira Reformatory in June of this year. Reichmann had stolen a letter containing a check from a hall letter box on Lispenard Street on the morning of the 23d, and the theft was witnessed by a representative of our detective agents, who had been detailed to shadow Reichmann. Reichmann turned the check over to Pammarance, who took it to the bank (N M) on which it was drawn to have it certified. Representatives from the New York office of our detective agents then shadowed Pammarance and Reichmann and saw them connect with Kindler. The trio then visited several places in an attempt to cash the check. Our detective agents decided not to wait until the check was cashed. They accordingly caused the arrest of Reichmann, Kindler and Pammarance on the afternoon of the 23d and found the check in Reichmann's possession. All three came up for a hearing on July 24th, and are now being held in \$3,000 bail each to wait the action of the Grand Jury.

John E. Wilkie, Chief of the United States Secret Service, has notified this department to the effect that the Russian Government has notified the United States authorities that 500 ruble notes of the A. M. series numbered 62901 to 63000 and 63701 to 63800 were stolen from the treasury at Tiflis in 1907 and that it is believed that some of these notes have been offered or will be offered in the United States. Bankers generally should be on the lookout for them and should furnish promptly this department or Chief John E. Wilkie at Washington, D. C., with any information relating to the offers of such notes and the identity of the persons presenting them.

STATISTICS OF WORK OF THE PROTECTIVE DEPARTMENT.

AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE FROM SEPTEMBER 1, 1909, TO JULY 31, 1910.

New York, August 1, 1910.

CRIMINALS ARRESTED, CONVICTED, SENTENCED, AWAITING TRIAL, ETC.

Burglars—Special: Arrests up to June 30th, 10; arrests in July, 2; total arrests, 12. Convicted, 5; released, 3; died, 1; awaiting trial, 3.

Burglars—General: Arrest up to July 31st, 25; convicted, 9; released, 10; killed, 1; awaiting trial, 5.

Forgers—Special: Arrests up to June 30th, 127; arrests in July, 10; total arrests, 137. Convicted, 66; released, 33; died, 1; escaped, 3; killed, 1; awaiting trial, 33.

Forgers—General: Arrests up to June 30th, 86; arrests in July, 5; total arrests, 91. Convicted, 54; released, 16; escaped, 1; killed, 1; awaiting trial, 19.

Hold-ups—Special: Arrests up to July 31st, 8; convicted, 2; released, 1; escaped, 1; killed, 1; awaiting trial, 3.

Hold-ups—General: Arrests up to July 31st, 6; convicted, 3; released, 1; killed, 1; awaiting trial, 1.

Sneak Thieves—Special: No pending cases.

Robbers—Special: Arrests up to July 31st, 1; awaiting trial, 1.

Robbers—General: Arrests up to July 31st, 3. Released, 1; awaiting trial, 2.

Arrests—Special Investigations—prior to, and awaiting trial on, September 1, 1909..... 30

Arrests—Special Investigations—from September 1, 1909, to July 31, 1910, inclusive 128

— 158

Arrests—General Investigations—prior to and awaiting trial on, September 1, 1909.....	17
Arrests—General Investigations—from September 1, 1909, to July 31, 1910, inclusive..	108
	— 125
Total arrests	283
Convicted	139
Released, escaped, killed, etc.....	77
	— 216

Awaiting trial

BURGLARS—SPECIAL INVESTIGATIONS.

June 29, Willard Thompson arrested for attempted burglary of Layton, Utah, bank (M); sentenced to twenty years in Utah State Penitentiary.

June 28, Custer Gallagher arrested for burglary of Ford, Kan., bank (M); awaiting trial in Dodge City, Kan.

Awaiting Trial: Thomas Howard, Coal City, Ill.; James Grant, Bastrop, La.; Custer Gallagher, Dodge City, Kan.

BURGLARS—GENERAL INVESTIGATIONS.

Awaiting Trial: J. Callahan, Milan, Kan.; A. Hindglass, Vernon, Tex.; Robt. Huntley, Vernon, Tex.; Wm. Kellar, Brookland, Ark.; Harry A. Warner, Vernon, Tex.

FORGERS—SPECIAL INVESTIGATIONS.

July 18, John Studebaker arrested for forgery committed on Tacoma bank (M); held in Seattle, Wash., to await action of Federal Grand Jury.

July 19, Samuel Levenson arrested in Cincinnati

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

for forgery committed on Cincinnati bank (M); released for want of prosecution.

July 7, Lee West sentenced to one to fourteen years for forgery committed on Bellevue, Ida., bank (M).

July 5, Harry Korup arrested in Chicago for forging checks on Chicago banks (MS); held for trial.

July 7, Seymour Adams arrested for defrauding Netcong, N. J., bank (M); is now lodged in jail in Netcong awaiting trial.

July 12, H. L. Kingsbury arrested in connection with forgery committed on a Chicago bank (M); now awaits trial.

Max Fine, given an indeterminate sentence of four years and six months to six years in Sing Sing Prison for forging check on New York bank (M).

July 12, John A. George arrested for issuing bogus check and defrauding Grafton, W. Va., bank (M); held for trial in Grafton.

July 8, Thomas W. Passmore arrested for forgery committed on Miles City, Mont., bank (M); now awaits trial.

July 23, Benjamin Reichman, Nathan Kindler and Harry Pommarsance arrested in New York for attempting to defraud New York bank (M) by means of a stolen check; held in \$3,000 bail each.

Awaiting Trial: Saul Kessler, New York; Lewis Eaton, Jr., Buffalo, N. Y.; David J. Simon, Washington, D. C.; Morris Robinson, Washington, D. C.; Irving G. Crocker, Evanston, Ill.; Wm. Knaption, Roanoke, Ala.; Eug. C. Brockaw, Chicago, Ill.; Emil Noerdloef, St. Cloud, Minn.; Melville Garfield, Indianapolis, Ind.; M. Olson, Stronghurst, Ill.; A. R. Rickey, Seaton, Ill.; A. J. Seidemann, Vienna, Austria; Chas. P. Robinson, Springfield, Mo.; J. Reilly, Chicago, Ill.; Geo. Levy, Chicago, Ill.; M. Reischling, Rosedale, Kan.; Chas. M. Meeker, New York City; Wm. S. Richey, Texline, Tex.; John Burns, Roxbury, Mass.; Floyd Koon, Chicago, Ill.; C. E. Hill, Toledo, Ohio; Louis W. Meyer, Newark, N. J.; John T. Iler, Towson, Md.; Wm. A. Leigh, Emporia, Va.; John Studebaker, Seattle, Wash.; Harry Korup, Chicago, Ill.; Seymour Adams, Netcong, N. J.; H. L. Kingsbury, Chicago, Ill.; John A. George, Grafton, W. Va.; Thos. W. Passmore, Miles City, Mont.; Benj. Reich-

mann, New York; Nathan Kindler, New York; Harry Pommarsance, New York.

FORGERS—GENERAL INVESTIGATIONS.

July 1, Kieth B. Morris arrested in Haverhill, Mass., for issuing worthless checks; held for trial.

July 18, Bernard Decaro and Irving Mark arrested in New York for attempting to pass forged check on bank (M); held for trial.

July 8, Julius Klein, arrested in Brooklyn, N. Y., while attempting to pass forged check on Brooklyn bank (M); held for trial.

June 29, H. R. Davis sentenced to three years in Kansas Jefferson City, Mo., Penitentiary for forgery.

July 23, Mary Benson arrested in New York for issuing worthless checks; held for trial.

Awaiting Trial: John A. Ross, Hoboken, N. J.; Jos. P. Kitch, Sullivan, Ill.; E. Hummel, Jr., Chicago, Ill.; W. A. Coutant, Amarillo, Tex.; Fraser Mander, New York; John O'Neill, New York; Chas. Fisher, New York; A. E. Webb, Toledo, O. T. J. Mowery, Denver, Col.; James Morrow, Philadelphia, Pa.; Chas. Ross, Pittsburgh, Pa.; John C. Frey, Washington, D. C.; W. R. Pepper, Schuyler, Neb.; Wm. Lodtman, Boston, Mass.; Kieth B. Morris, Haverhill, Mass.; Bernard Decaro, New York; Irving Mark, New York; Julius Klein, Brooklyn, N. Y.; Mary Benson, New York.

HOLD-UPS—SPECIAL INVESTIGATIONS.

Awaiting Trial: J. A. Austin, Kiefer, Okla.; W. D. Dixon, Kiefer, Okla.; J. H. Wilson, Canon City, Col.

HOLD-UPS—GENERAL INVESTIGATIONS.

Awaiting Trial: M. Thornberry, Hoffman, Okla.

SNEAK THIEVES—SPECIAL INVESTIGATIONS.

No pending cases.

ROBBERS—SPECIAL INVESTIGATIONS.

Awaiting Trial: H. B. Elliot, Eufala, Okla.

ROBBERS—GENERAL INVESTIGATIONS.

Awaiting Trial: I. H. V. Barckers, Benbow City, Ill.; J. A. Guhman, Benbow City, Ill.

	Attempts.	Burglaries.	Losses.	Total Losses.
Attacks upon members from September 1, 1909, to and including November 22, 1909 (under former agency, 83 days).....	5	4	\$1,563.15	

Attacks upon members from November 22, 1909, to and including July 31, 1910 (under Burns & Sheridan, 252 days).....	11	4	15,490.76	\$17,053.91
Attacks upon non-members from September 1, 1909, to and including July 31, 1910.....	29	49		\$163,830.37

	Attempts.	Hold-ups.	Losses.	Total Losses.
Hold-ups on members from September 1, 1909, to and including November 22, 1909 (under former agency, 83 days).....	3	2	\$13,202.44	

Hold-ups on members from November 22, 1909, to and including July 31, 1910 (under Burns and Sheridan, 252 days).....	0	1	1,600.00	\$14,802.44
Hold-ups on non-members from September 1, 1909 to July 31, 1910, inclusive.....	4	3		5,763.00

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 ALFRED L. AIKEN, Pres. Worcester County Institution for Savings, Worcester, Mass.

(Representing Clearing House Section.)

SOL. WEKLER, Vice-Pres. Whitney-Central National Bank, New Orleans, La.
 E. R. FANCHER, Vice-Pres. Union Nat. Bank, Cleveland, O.
 GEORGE GUCKENBERGER, Pres. Atlas Nat. Bank, Cincinnati, O.

(Representing American Institute of Banking Section.)
 B. C. DOWNEY, Cashier Continental Natl. Bk., Indianapolis, Ind.

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Alaska—W. T. PERKINS, Director Banking & Safe Deposit Co., Nome.
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Colorado—H. M. RUBEY, Cashier Woods-Rubey Nat. Bk., Golden.
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Delaware—J. P. WINCHESTER, Pres. First Nat. Bk., Wilmington.
District of Columbia—W. M. HOOVER, President National Savings & Trust Co., Washington.
Florida—Dr. H. ROBINSON, Pres. Commercial Bk., Jacksonville.
Georgia—E. W. STETSON, Pres. Citizens Nat. Bank, Macon.
Idaho—F. F. JOHNSON, President First National Bank, Wallace.
Illinois—WALTER S. REARICK, President Skiles, Rearick & Co., Ashland.
Indiana—J. L. McCULLOCH, Pres. Marion Nat. Bank, Marion.
Iowa—E. L. JOHNSON, Vice-President Leavitt & Johnson Trust Co., Waterloo.
Kansas—J. R. BURROW, Pres. Central Nat. Bank, Topeka.
Kentucky—A. M. LARKIN, Cashier German Nat. Bank, Newport.
Louisiana—N. E. NORTH, Cashier First Nat. Bank, Lake Charles.
Maine—CHARLES A. MOODY, Pres. First Nat. Bank, Biddeford.
Maryland—JOHN M. LITITG, Pres. Nat. Marine Bank, Baltimore.
Massachusetts—ALFRED L. AIKEN, President Worcester Co. Institution for Savings, Worcester.
Michigan—HENRY IDEMA, Pres. Kent State Bank, Grand Rapids.
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Mississippi—F. W. FOOTE, Vice-President First National Bank of Commerce, Hattiesburg.
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Nebraska—S. K. WARICK, Cashier First Nat. Bank, Alliance.
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New Hampshire—ARTHUR M. HEARD, Pres. Amoskeag National Bank, Manchester.
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New Mexico—ALFRED F. KERR, Cashier American National Bank, Silver City.
New York—HIRAM R. SMITH, President Bank of Rockville Centre, Rockville Centre.
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North Dakota—FRED A. IRISH, Cashier First Nat. Bk., Fargo.
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South Dakota—JOHN R. HUGHES, Pres. Potter County Bank, Gettysburg.

Tennessee—WALTER HOWELL, Cashier First Nat. Bk., Union City.
Texas—L. L. JESTER, Pres. Jester National Bank, Tyler.

Utah—F. E. MCGURRIN, President Salt Lake Security & Trust Company, Salt Lake City.

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 CHARLES H. HUTTIG, Pres. Third Nat. Bank, St. Louis, Mo.
 JOHN PERIN, Pres. American Nat. Bank, Indianapolis, Ind.

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 SOLOMON WEKLER, Vice-Pres. Whitney-Central National Bank, New Orleans, La.

ROBERT WARDROP, Pres. People's National Bank, Pittsburgh, Pa.
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 E. F. SWINNEY, Pres. First National Bank, Kansas City, Mo.
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L. L. RUE, President Philadelphia Nat. Bank, Philadelphia, Pa.
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E. J. BUCK, President City Bank & Trust Co., Mobile, Ala.
W. M. A. LAW, President Merchants Nat. Bank, Philadelphia, Pa.

STATE BANKERS' ASSOCIATIONS, 1909-10.

ORGANIZATION OF SECRETARIES OF STATE BANKERS' ASSOCIATIONS.

Organized November 13, 1902.

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N. P. GATLING, Lynchburg, Va., *First Vice-President*.
WM. B. HUGHES, Omaha, Neb., *Second Vice-President*.
FRED. E. FARNSWORTH, New York, N. Y., *Sec. & Treas.*

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W. W. BOWMAN, Topeka, Kansas.
W. C. MACFADDEN, Fargo, N. Dak.
W. J. HENRY, White Plains, N. Y.
ANDREW SMITH, Indianapolis, Ind.

CONVENTIONS TO BE HELD IN 1910.

Aug.	17-18.	Wisconsin	La Crosse.
"	30-31.	Montana	Bozeman.
Sept.	6-7.	Pennsylvania	Bedford Springs.
"	14-15.	Kentucky	Evansville.
"	12-13.	Indiana.....(The Vendome Hotel)	Louisville.
"	26-27.	Nebraska	Omaha.
"	27-29.	Colorado	Grand Junction.
Oct.	3-7.	American Bankers Association.....	Los Angeles.
"	26-27.	Illinois	Cairo.
Nov.	11-12.	Arizona	Phoenix.

ALABAMA—ORGANIZED 1892.

President—**W. L. LANCASTER**, President Bank of Wetumpka, Wetumpka.
Vice-President—**FRANK S. MOODY**, President First National Bank, Tuscaloosa.
Secretary-Treasurer—**McLANE TILTON, JR.**, Cashier First National Bank, Pell City.

ARIZONA—ORGANIZED 1903.

President—**CHARLES O. ELLIS**, Cashier Bank of Douglas, Douglas.
Vice-President—**J. G. SPANGLER**, Cashier Mesa City Bank, Mesa.
Secretary—**MORRIS GOLDWATER**, President Commercial Trust Co., Prescott.
Treasurer—**LLOYD B. CHRISTY**, Cashier Valley Bank, Phoenix.

ARKANSAS—ORGANIZED 1891.

President—**GEORGE R. WOOD**, Cashier Citizens Bank, Van Buren.
Vice-President—**A. D. FOSTER**, Cashier Merchants & Planters' Bank, Pine Bluff.
Secretary—**ROBERT E. WAIT**, President Citizens Investment & Security Co., Little Rock.
Treasurer—**F. M. SMITH**, Cashier First National Bank, De Queen.

CALIFORNIA—ORGANIZED 1891.

President—**W. H. HIGH**, Manager International Banking Corp., San Francisco.
Vice-President—**STODDARD JESS**, Vice-President First National Bank, Los Angeles.
Treasurer—**J. J. FAGAN**, Vice-President Crocker National Bank, San Francisco.
Secretary—**R. M. WELCH**, Cashier San Francisco Savings Union, San Francisco.
Assistant Secretary—**F. H. COLBURN**, 502 California Street, San Francisco.

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President—**E. S. CLOUSTON**, General Manager Bank of Montreal.
Secretary and Treasurer—**J. T. P. KNIGHT**, Montreal, Que.

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President—**C. C. PARKS**, Cashier First National Bank, Glenwood Springs.
Vice-President—**ALBERT A. REED**, President The Mercantile Bank and Trust Company, Boulder.
Secretary and Treasurer—**GUY L. V. EMERSON**, Cashier Silverton National Bank, Silverton.

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Treasurer—FREDERICK W. HALL, Cashier Poquonock National Bank, Bridgeport.

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First Vice-President—H. H. MCKEE, Cashier National Capital Bank, Washington.
Second Vice-President—GEORGE W. WHITE, President National Metropolitan Bank, Washington.
Secretary—GEORGE E. FLEMING, Second Vice-President Union Trust Co., Washington.
Treasurer—ELDRIDGE E. JORDAN, President Merchants & Mechanics' National Bank, Washington.

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Secretary—L. P. HILLYER, Vice-President American National Bank, Macon.
Treasurer—E. C. SMITH, Cashier Griffin Banking Company, Griffin.

IDAHO—ORGANIZED 1905.

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Vice-President—J. E. BOWERMAN, President First Natl. Bank, St. Anthony.
Secretary—L. A. COATE, Boise.
Treasurer—J. W. ROBINSON, Cashier Idaho Trust & Sav. Bank, Boise.

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Vice-President—E. E. CRABTREE, of F. G. Farrell & Co., Jacksonville.
Secretary—R. L. CRAMPTON, 1030-1032, The Rookery, Chicago.
Treasurer—DANIEL CRABB, Cashier Tazewell Co. National Bank, Delavan.

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Vice-President—CHARLES H. WORDEN, Vice-President First National Bank, Fort Wayne.
Secretary—ANDREW SMITH, Vice-President Capital National Bank, Indianapolis.
Treasurer—HARRY H. OGDEN, Cashier Old State National Bank, Evansville.

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Secretary—P. W. HALL, Cashier Sheldon National Bank, Sheldon.
Treasurer—D. B. ALLEN, Cashier First State Bank, Arlington.

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Vice-President—J. R. LINDBURG, President First National Bank, Pittsburg.
Treasurer—M. H. MALOTT, Cashier Citizens' State Bank, Abilene.
Secretary—W. W. BOWMAN, Topeka.

KENTUCKY—ORGANIZED 1891.

President—J. C. UTTERBACK, Cashier City National Bank, Paducah.
Secretary—ARCH. B. DAVIS, American National Bank Building, Louisville.
Treasurer—HENRY D. ORMSBY, Cashier National Bank of Kentucky, Louisville.

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President—A. BRETON, Vice-President German-American National Bank, New Orleans.
Vice-President—PAUL LISSO, President First National Bank, Alexandria.
Secretary—L. O. BROUARD, President Bank of Abbeville, Abbeville.
Treasurer—L. M. POOL, Active Vice-President Hibernia Bank & Trust Co., New Orleans.

MAINE—ORGANIZED 1900.

President—C. H. SAWYER, Cashier First National Bank, Dexter.
Vice-President—E. S. KENNARD, Cashier Rumford National Bank, Rumford Falls.
Secretary—HASCALL S. HALL, Cashier Ticonic National Bank, Waterville.
Treasurer—GEORGE A. SAFFORD, Cashier Northern National Bank, Hallowell.

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President—JOSHUA W. MILES, President Bank of Somerset, Princess Anne.
Vice-President—WALDO NEWCOMER, President National Exchange Bank, Baltimore.
Secretary—CHARLES HANN, Assistant Cashier National Mechanics' Bank, Baltimore.
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Secretary—G. W. HYDE, Assistant Cashier First National Bank, Boston.

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First Vice-President—C. J. MONROE, President First State Bank, South Haven.
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President—L. A. HUNTOON, President First National Bank, Moorhead.
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Secretary—CHARLES R. FROST, 611 Bank of Commerce Building, Minneapolis.
Treasurer—A. G. WEDGE, JR., Vice-President First National Bank, Bemidji.

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Vice-President—C. H. WILLIAMS, President Bank of Yazoo City.
Secretary—RICH. GRIFFITH, Cashier City Savings & Trust Co., Vicksburg.

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Vice-President—A. H. WAITE, President Joplin National Bank, Joplin.
Secretary—W. P. KEYSER, Sedalia.
Treasurer—R. P. CALKINS, Vice-President German-American National Bank, St. Joseph.

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President—W. G. CONRAD, President Conrad Banking Company, Great Falls.
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Secretary—WILLIAM B. HUGHES, Manager Omaha Clearing House, Omaha.
Treasurer—F. T. HAMILTON, Vice-President Merchants' National Bank, Omaha.

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Treasurer—FRED GROS, Cashier Farmers & Merchants' National Bank, Reno.

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Treasurer—W. M. VAN DUSEN, Assistant Cashier National Newark Banking Co., Newark.
Secretary—WILLIAM J. FIELD, Secretary and Treasurer Commercial Trust Co. of New Jersey, Jersey City.

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Treasurer—J. R. MCKNIGHT, Cashier Pierre National Bank, Pierre.
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Treasurer—NEILL WRIGHT, Cashier Bank of Huntingdon.
Secretary—F. M. MAYFIELD, Nashville.
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Secretary—J. W. HOOPES, Vice-President Austin National Bank, Austin.
Assistant Secretary—FRANZ C. GROOS, San Antonio.
Treasurer—T. F. RODGERS, Cashier First National Bank, Collingsville.

UTAH—ORGANIZED 1909.

President—W. S. McCORMICK, President McCormick & Co., Bankers, Salt Lake City.
Vice-President—M. S. BROWNING, Vice-President First National Bank, Ogden; LORENZO N. STOHL, President First National Bank, Brigham.
Secretary and Treasurer—CHAS. H. WELLS, Assistant Cashier Utah National Bank, Salt Lake City.

VERMONT—ORGANIZED 1909.

President—CHARLES F. CHAPMAN, Treasurer Ottawaquechee Savings Bank, Woodstock.
Vice-President—F. H. FARRINGTON, Vice-President Rutland Savings Bank, Brandon.
Secretary—FRED C. SPENCER, Assistant Cashier Baxter National Bank, Rutland.
Treasurer—D. L. WELLS, Cashier First National Bank, Orwell.

VIRGINIA—ORGANIZED 1893.

President—J. W. MILLER, Cashier People's Bank, Pulaski.
Vice-Presidents—E. P. MILLER, Lynchburg; T. F. TILGHMAN, Norfolk; W. M. ADDISON, Richmond; R. G. VANCE, Waynesboro; J. W. BELL, Abingdon.
Secretary—N. P. GATLING, Lynchburg.
Treasurer—JULIEN H. HILL, Assistant Cashier, National State Bank, Richmond.
Attorney—GEORGE BRYAN, Richmond.

WASHINGTON—ORGANIZED 1899.

President—E. W. PURDY, President First National Bank, Bellingham.
Vice-President—Geo. McDONALD, President Yakima National Bank, North Yakima.
Secretary—P. C. KAUFFMAN (re-elected), Vice-President Fidelity Trust Company, Tacoma.
Treasurer—C. C. RICHARDSON, Cashier National Bank of Cheney, Cheney.

WEST VIRGINIA—ORGANIZED 1895.

President—JAMES K. ONEY, Vice-President Huntington National Bank, Huntington.
Vice-President—WYLIE W. BEALL, President Commercial Bank, Wellsburg.
Secretary-Treasurer—JOSEPH S. HILL, Cashier National City Bank, Charleston.

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WISCONSIN—ORGANIZED 1892

President—E. M. WING, Cashier Batavian National Bank, La Crosse, Wis.
Vice-President—M. A. GRAETTINGER, Cashier Merchants and Manufacturers' Bank, Milwaukee.
Secretary—GEO. D. BARTLETT, University Building, 111 Mason Street, Milwaukee.
Treasurer—B. W. DAVIS, Cashier National Bank of Waupun.

• WYOMING—ORGANIZED 1908.

President—J. L. BAIRD, Vice-President First National Bank, Newcastle.
Vice-President—IRA E. JONES, Cashier First National Bank, Thermopolis.
Secretary—H. VAN DEUSEN, Cashier Rock Springs National Bank, Rock Springs.
Treasurer—J. DEFOREST RICHARDS, President First National Bank, Douglas.

STATE CONVENTIONS IN JULY.

NORTH DAKOTA.

The eighth annual convention of the North Dakota Bankers Association took place at Valley City July 8th and 9th.

A meeting of the Executive Council was held at 9 o'clock on Friday morning and at 10 o'clock the convention was called to order by President R. C. Kittel, President of the First National Bank, Casselton.

The invocation was pronounced by Rev. L. G. Moultrie of All Saints' Episcopal Church; the address of welcome made by Hon. Lee Combs, and Wesley C. McDowell, of the First National Bank, Marion, responding to same.

Following President Kittel's annual address the following reports were submitted showing that the Association had experienced a very active and prosperous year: Executive Council, Secretary-Treasurer, Group Secretaries, and Standing Committees.

The following addresses were delivered at the afternoon session: "Some Reforms in Our Tax Systems," by Hon. H. A. Bronson, Grand Forks; "The Trusts," by Lewis F. Crawford, Sentinel, Butte; "The Debt Which the Twentieth Century Must Pay," by Carl J. Farup, Park River; "Protective Department," by Charles R. Frost, Secretary Minnesota Bankers Association.

The members then engaged in a general discussion of an instructive and interesting character.

At the Saturday morning session addresses were made as follows: "Where Shall Emphasis Be Placed in Our Elementary Course of Study?" by Hon. W. L. Stockwell, Superintendent Public Instruction, State of North Dakota; "Intelligent Citizenship," by James A. Latta, Northwestern National Bank, Minneapolis; "The John Swaney Consolidated School," by Prof. M. C. James, State Normal School, Valley City.

A business show was held during the convention, convenient to the convention hall, at which manufacturers exhibited modern styles of office and bank furniture, fixtures, and miscellaneous appliances.

The entertainment included an informal ball and supper on Friday evening at Knights of Pythias Hall, and Saturday afternoon the delegates and visitors were given an automobile ride about the city and country.

The officers elected for the ensuing year are as follows: President—Wesley C. McDowell, Cashier First National Bank, Marion; Vice-President—Karl J. Farup, Cashier First National Bank, Park River; Secretary—W. C. Macfadden, Cashier Commercial Bank, Fargo; Treasurer—John Tracy, Cashier First National Bank, Valley City.

NEW YORK.

The seventeenth annual convention of the New York State Bankers' Association, held at Cooperstown,

July 14th and 15th, 1910, is best described as a large, genial family party. The O-te-sa-ga Hotel was headquarters and was large enough to accommodate most of those who attended the convention. The registration, meetings, banquet and entertainment were largely at the hotel, which added greatly to the convenience and comfort of the guests on this occasion.

The convention proper comprised two sessions with the usual program of addresses of welcome, responses, annual reports and discussions. One of the two addresses delivered was by the Honorable Edward B. Vreeland, his subject being, "Shall We Have a Central Bank." His address was masterly and covered very fully good reasons for the establishment of a Central Bank. His argument, based on the present banking system and law very nearly fifty years old, the changing conditions and the great growth of the country, brought out the necessity for a modern banking and currency law in line with the important countries of the old world. Mr. Vreeland's address was well received. Hon. O. H. Cheney, Superintendent of Banks, was the other speaker, and took for his address the subject, "Bank Supervision," which he handled in a most intelligent manner. Hon. Clark Williams, Comptroller of the State of New York was called upon for brief remarks, and responded in his usual forceful way.

The annual banquet was held on the evening of July 14th. It was a brilliant affair, the attendance numbering about four hundred and fifty ladies and gentlemen. The addresses were all good and held the entire number present to the close. The speakers were as follows: Hon. William A. Prendergast, Comptroller of the City of New York; David R. Forgan, President National City Bank, Chicago; Rev. Jas. S. Kittell, D. D., Albany, N. Y., and Mr. Thomas A. Daly, Philadelphia, Pa. One of the features of the evening was special music by a very excellent quartette from Brooklyn.

On the evening of July 15th, the guests were entertained by fireworks and music on the lawn of the hotel and on the beautiful Otsego Lake. Other entertainment of the convention consisted of automobile and carriage rides; a trolley ride to Richfield Springs and steamer trips on the lake. There was also dancing, and a golf and tennis tournament, the winners being awarded very handsome prizes. Every detail of the convention and entertainment was carried out in splendid order and reflected special credit on the Committee on Arrangements, headed by D. H. Piereson, Chairman, of New York City, who was ably assisted by L. J. Arnold, Cooperstown, N. Y.; C. B. Rogers, Utica; F. W. Hyde, Jamestown, and C. H. Sabin, New York City.

One of the interesting features of the convention was the reunion of the first convention members and

a luncheon at which met a number of the bankers who organized the Association in 1894.

The officers elected for the ensuing year are as follows: President—Luther W. Mott, Vice-President and Cashier First National Bank, Oswego; Vice-President—William H. Bennett, Cashier American Exchange National Bank, New York City; Treasurer—H. C. Morgan, President First National Bank, Cuba, N. Y.; Secretary—William J. Henry, White Plains.

By action of the convention the Secretary's position was made a permanent one, and the Council of Administration was authorized to select offices for the Association in New York City at some central point.

The members of the American Bankers Association present held a special meeting and made the following nominations: For Vice-President of the American Bankers Association, from New York—Cornelius A. Pugsley, President Westchester County National Bank, Peekskill; for member of Nominating committee for American Bankers Association—F. W. Hyde, Cashier National Chautauqua County Bank, Jamestown; for members of the Executive Council—Ledyard Cogswell, President New York State National Bank, Albany; James G. Cannon, Vice-President Fourth National Bank, New York City; Hiram R. Smith, President Bank of Rockville Centre, Rockville Centre.

WASHINGTON.

The fifteenth annual convention of the Washington Bankers Association at Aberdeen and Hoquiam, July 21-23, was largely attended, practically all of the 354 banks members of the Association being represented.

The usual addresses of welcome were made and responded to by Mr. Frank G. Jones, of Aberdeen, followed by the annual address of the President.

One of the principal addresses was by the Hon. J. L. Mohundro, State Bank Examiner, in which he advocated the segregation of savings deposits and

much needed legislation along the lines of progressive banking.

The report of Secretary P. C. Kauffman, of Tacoma, covered very fully the work of the Association and its committees during the past year. The membership is now composed of fully ninety-eight per cent. of the banks in the State, thirty-three new members being added to the roll since the last convention.

The work of the Protective Committee was especially gratifying, and the change made in the work last November in the substitution of the Burns & Sheridan National Detective Agency for that of the Pinkerton National Detective Agency has proven to be a wise one, a large number of important cases having been successfully prosecuted and many criminals receiving penitentiary sentences.

The contracts made about a year ago by the Association with the Yale & Towne Manufacturing Company and the J. M. Mossman Company for the cleaning and guaranteeing of time locks, and with the Burroughs Adding Machine Company for supplying adding machines, has effected a great cash saving to the membership, amounting in the latter case alone to \$3,000 for the year.

The Secretary also called attention to the importance of group organization, and gave in detail the routine work of his office, from which it was evident that it had kept pace with the increase of membership and the general growth of the Association in the interests of its members.

The generous hospitality of the bankers and business men of Aberdeen and Hoquiam was manifested in the social features provided for the entertainment of their guests.

The following officers were elected for the ensuing year: President, E. W. Purdy, President First National Bank, Bellingham; Vice-President, George Donald, President Yakima National Bank, North Yakima; Secretary, P. C. Kauffman (re-elected), Vice-President Fidelity Trust Company, Tacoma; Treasurer, C. C. Richardson, Cashier National Bank of Cheney, Cheney.

PROTECTIVE WORK OF STATE BANKERS' ASSOCIATION.

Nebraska Bankers Association,
Office of the Secretary.

Omaha, June 27th, 1910.

The Association issued a warning February 7th last, concerning a man claiming to represent a loan and trust company in the East for the establishment of agencies to loan money on farms. After establishing the agency and transacting other similar business he would always present an expense check presumably from the home office of the company for \$26.00 or \$28.00. He usually swindled real estate dealers, but now and then a banker.

On February 19th we offered a \$100.00 reward for him. His description is as follows:

About 50 or 60 years old; 5 feet 5 inches; around 140 pounds; hair and mustache both gray; wears glasses, the left one seemed to be blurred; left eye not as wide open as right, and pupil looks as if injured; think has two front teeth missing; wore blue suit, and is of neat appearance; rather stooped; bald on top of head; inclined to have double chin; profile view will show constant quick motions of eye-lids.

This man has appeared again. This time claiming to represent a company in Los Angeles, California. We want to catch this man. Please look out for him yourself and notify all your customers in the real estate line especially. Wire or phone this office at our expense if he appears.

Nebraska Bankers Association,
Office of the Secretary.

Omaha, June 26th, 1910.

WARNING.

A cashier's check of the Bank of Benkelman, Benkelman, Neb., No. 4431, dated May 2nd, 1910, for \$585.10, payable to Aug. Menge, has been lost. The bank has issued a duplicate and desires this office to notify all members to watch for the appearance of the original.

WARNING.

Another swindler has appeared working a game similar to many of those recently used. He is cashing what purport to be expense checks of a firm for which he claims to travel, and his victims are tradesmen and hotel men. He cashed checks drawn on the Iowa State National Bank, Sioux City, Ia., signed J. H. Messenger & Co. In the case reported, he represented himself to be S. S. Wilton. Probably uses a different name each time.

He is described as follows: About 48 years of age;

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weight about 175 or 180 pounds; well dressed; pretended to be a lumber salesman.

Please warn your customers of this man and the check he is cashing. If he appears in your town, notify this office at once by phone or wire at our expense.

Nebraska Bankers Association,
Office of the Secretary.

Omaha, July 9th, 1910.

WARNING.

We give below description of a swindle operated in the State of Washington, and of which we are notified by the Bankers Association of that State. It is not worked on bankers, but by watching the matter you may be able to save a loss for some of your clients.

A man using a letterhead containing an address and other details, all of which are bogus, writes to dealers, stating that he has a large amount of goods that he will sell on a liberal basis. In the case reported he claimed to have hay, oats, etc. In this case, after several letters had been exchanged, a deal was consummated. The swindler wrote that the hay would be shipped and that he would draw on the consignee with bill of lading attached for half of the amount and balance to be paid upon receipt of goods.

In due time the bank in the home town of the consignee received a draft with what purported to be a regularly issued bill of lading attached. The consignee paid the draft, and upon presenting the bill of lading to the railroad company found that it was a forgery. Watch such items that may appear in your neighborhood and warn your customer to be sure the man with whom he is dealing is responsible.

NOTICE.

Time certificate of deposit No. 424, dated February 8th, 1910, favor Mrs. Georgetta C. L. Henry, \$250, issued by State Bank of Moore, Mont., has been lost or stolen. If presented to you, notify this office at once by telephone at our expense.

Nebraska Bankers Association,
Office of the Secretary.

Omaha, July 11th, 1910.

WARNING.

We are warned by the Kansas Association to look out for a man giving the name of B. J. Gifford, who secured a certificate of deposit for \$1,000 from a Kansas bank through fraud.

He will probably present a certificate of deposit and ask to open an account. In former cases he has taken part on open account, a small amount of cash and a certificate of deposit for the balance. He then repeats the operation at the next town with the last certificate secured in this manner. Original certificate supposed to have been secured by fraud.

The last certificate of deposit in his possession to our knowledge was No. 558, favor B. J. Gifford, \$3,000, dated July 10th, 1910, payable six months, drawing 4 per cent. The bank issuing the certificate requests us not to use its name. It is a Kansas bank, in eastern part of the State. He may have traded this certificate for another by this time.

If this man appears at your bank, keep track of him at any cost and we will pay it. Then communicate immediately with this office by telegraph or telephone at our expense.

NOTICE.

Three drafts issued by the Germantown State Bank, Germantown, Neb., have been lost or stolen. They are Nos. 3742-3-4, favor M. D. Palmer, dated July 11, 1910, and drawn on the United States National Bank of Omaha. Look out for them.

North Dakota Bankers Association,
Office of the Secretary.

Fargo, N. D., July 5th, 1910.

The following described draft and C. D.'s have been lost or stolen. If presented at your bank please notify the Secretary's office by wire:

Draft No. 3073 drawn by First National Bank, Fairmount, N. D., on Commercial National Bank, Chicago, in favor of J. J. Ready, \$400.00.

C. D. No. 2380 issued by Scandinavian American Bank, Minot, in favor of Albert Gilbertson, \$75.00.

C. D. No. 723 issued by Scandinavian American Bank, Minot, in favor of Pete Johnson, \$15.00.

C. D. No. 762 issued by Scandinavian American Bank, Minot, in favor of A. A. Zethren.

FRAUDULENT CHECKS.

A party giving the name of G. M. McMahon has been attempting to pass fraudulent checks drawn on banks in Colorado and Arkansas in different parts of the State. He is described as about 26 years old, black hair, height about 5 feet 10 inches, weight about 155 pounds. Works principally with merchants.

H. J. Morris, described as about 30 years of age, weight about 165 pounds, black hair, smooth face, height 5 feet 7 inches. Has been drawing fraudulent checks on First State Bank of Almont. Morris is accompanied by his wife, a young girl about 18 years old.

We also have notice of a swindler representing himself as S. S. Wilton, who is using checks drawn on the Iowa State National Bank, Sioux City, Iowa, signed J. H. Messenger & Co. Wilton passes as a lumber salesman.

If either of these parties appears at your bank wire this office promptly.

Missouri Bankers Association,
Office of the Secretary.

Sedalia, Mo., July 7th, 1910.

WARNING.

One of our members reports that a man giving the name of H. Long and claiming to represent the Sweetwater Development Co., of Sweetwater, Texas, has defrauded one of its customers by inducing him to endorse a sight draft drawn on the above company.

Long is described as follows: Age, 30 or 32; height, 5 feet 8 inches; weight, 175; hair, brown; complexion, clear and florid; heavy set.

The Sweetwater Development Co. advises that a man, who is supposed to be the same person, has for some time been pursuing a similar method of obtaining money in Kansas, Illinois, Iowa, and other towns in Missouri. So far as we are aware, this man has not attempted to defraud any of our members, his plan being to secure the endorsement of some individual, but his success with individuals may encourage him to try the banks.

Cases of this kind have become quite frequent, and you would be doing your customers a favor by warning them of the danger in cashing or endorsing checks or drafts for strangers.

A bank in Kansas has also informed us of a case which will be of interest to our members and might be of value as a warning. A man representing himself to be B. J. Gifford called at the bank after visiting a local real estate office ostensibly to purchase land. At the bank he presented a deposit slip of a bank at Pleasanton, Kansas, for \$3,100.00, stating his desire to deposit \$3,025.00 of this amount; also that he desired to rent a safety deposit box for the storage of a number of valuable papers. Gifford requested that the \$3,025.00 be disposed of as follows: Rent of safety deposit box, \$2.50; open account, \$12.50; certificate of deposit, \$3,000.00; and cash, \$10.00. Later it developed that the account at Pleasanton had been opened by a check on a bank at Fort Scott, and the account at Fort Scott, by a check on a bank at Pittsburg, Kansas. In each case a small amount of cash was probably secured. The

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certificate of deposit referred to above was No. 558, drawn in favor of B. J. Gifford, dated July 5, 1910, payable six months after date and drawing 4 per cent. interest.

This man is likely to make his appearance in Missouri. Look out for him and all others with fraudulent schemes.

Missouri Bankers Association,
Office of the Secretary.

Sedalia, Mo., July 18th, 1910.

\$50.00 REWARD.

A member at Grandview reports a loss by cashing a raised check for a man giving the name of Harley Knipe, of whom the bank gives us the following description: Residence, near Carl Junction, Mo.; nativity, American; occupation, farm employee; age, 27; weight, 138; height, 5 feet 7 inches; build, medium; complexion, florid; color of hair, light; color of eyes, blue; style of beard, smooth shaven. Has a sister living near Carl Junction, Mo. His father and two sisters live at Bowling Green, Indiana.

The Missouri Bankers Association offers a reward of fifty dollars (\$50.00) for the apprehension and conviction of Knipe on the crime charged. Reward to remain in force one year from date of this notice and to be paid according to the rules of said Association.

Arrest and wire this office and the Sheriff of Jackson County, Independence, Missouri.

WARNING.

Look out for a man giving the name of F. R. Dalton and claiming to represent the W. R. Walton Lumber Company. This man recently defrauded a customer of one of our members at Louisiana, Mo., by cashing a worthless check for \$35.00. Although Dalton, so far as we know, has confined his operations to individuals (usually hotel keepers), yet his success may encourage him to try the banks. At Louisiana he claimed to be buying young hickory timber for automobile spokes.

We are informed by another Association that Dalton has also operated in South Dakota, Minnesota, Wisconsin, Iowa, Indiana, Illinois, and Kansas, using the names of F. R. Dalton, E. R. Bennett, F. S. Blair, F. S. Richards, F. A. Gilman, etc. His checks are usually for \$35.00.

Just at this time there seems to be unusual activity among the criminal class. Be on your guard and warn your customers.

A bank in Iowa was recently defrauded by a plausible scheme, which our members would do well to guard against. The bank received the following telegram purporting to be from the First National Bank of Chicago: "Waive identification and pay L. E. Dean one hundred dollars. We remit to-day." Later Dean called and obtained the money. Upon investigation it was found that the telegram reached the receiving office in the usual way, but instead of being sent from Chicago, was sent by tapping the wires somewhere along the line. Dean is described as being an ordinary looking man about 30 or 35 years of age, 5 feet 8 inches in height, slow spoken and with fair complexion. Wore dark clothes of mixed material.

Require verification of telegrams before paying money on them.

Texas Bankers Association,
Office of the Secretary.

Austin, Texas, July 7th, 1910.

WARNING NOTICE.

A party signing his name Wm. Duncan, an Englishman, about 45 years old, has been drawing worthless checks on the Farmers National Bank, Gonzales. He also worked some of our members by drawing

drafts on the Equitable Life Insurance Co., of San Antonio, which were turned down. You are warned to be on the lookout.

The attention of our members was brought some time ago to a party drawing worthless drafts on a tailoring house. This party is evidently working again under the name of A. Massengale. He drew a worthless draft on the Star Tailoring Co., Chicago, Ill., for \$50.00. He is described as being 25 or 30 years old, about 5 feet 6 inches in height, light complexion, smooth shaven, weighing about 130 pounds.

Members are again requested to impress upon printing houses where they buy their stationery the necessity of not sending out samples of drafts, checks, etc., without having them thoroughly can-

Austin, Texas, July 12, 1910.

WARNING.

A man representing himself as George Tully, Jr., with Prairie Oil & Gas Co., Independence, Kansas; dark hair; weighing in the neighborhood of 145 pounds; about 5 feet 7 or 8 inches tall; 27 years old; has Cashier's check No. 538 issued by The Denison Bank & Trust Co., of Denison, Texas, for \$350.00, which he obtained through a fraudulent telegram.

Wire information to this office and W. A. Boyd, Cleburne.

WARNING.

Austin, Texas, July 15th, 1910.
J. H. Hooper, about 27 years old; weighing in the neighborhood of 170 pounds; smooth shaven; rather sharp features; dark hair; good dresser and makes good appearance; about 6 feet tall; has been selling stock for different insurance companies over the State, and drawing drafts against them which were not honored; also giving worthless checks on the Sealy National Bank, Sealy, and the South Texas National Bank, Houston. May draw on other banks.

Wire information to J. W. Hoopes, Secretary; also W. A. Boyd, Cleburne.

Washington Bankers Association,
Office of the Secretary.

Tacoma, Wash., July 1st, 1910.

WARNING.

No. 151.—Fraudulent work of R. A. Abbott through bogus bills of lading.—Representing through his stationery, himself to be R. A. Abbott, dealer in real estate, loans, livestock, farms and ranches, office 132 East Third street, Portland, telephone East 68, has defrauded several dealers in hay and provisions in the following manner: He wrote a letter on the letterhead above referred to stating that he had a large amount of hay, oats, etc., which he would dispose of at liberal prices. After some correspondence the price was fixed, and a note added that the hay would be shipped and that he would draw upon the consignee with bill of lading attached for one-half of the amount and balance to be paid on receipt of goods. In due course the draft was received by a bank at the home town of the consignee, to which was attached what purported to be regularly issued bill of lading. The consignee paid the draft and after presenting the bills to the railroad company found that the bills of lading were absolute forgeries, and that quite a number of similar bills had been presented. Abbott meanwhile has disappeared and the defrauded merchants have placed matters in the hands of the prosecuting attorneys, who have warrants out for his arrest. Investigations in Portland developed the fact that No. 132 East Third street, Portland, telephone East 68, used on Abbott's stationery, are, in fact, telephone number and street number of the Royal Hotel, in East Portland; that Abbott never had an office in Portland, and evidently took this method of deceiving those whom he defrauded. Abbott's description is as follows: About 28 years of age; has brown hair and is smooth-

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shaven; is about 5 feet 7 inches in height, and weighs about 160 pounds. When in Portland he wore a brown mixed suit and soft brown hat. He is thought to have originally come from Pullman, Wash., or that section of the State. Bankers throughout the Pacific Northwest are requested to advise Secretary Kauffman of the Washington Bankers Association, or Secretary Hartman, of the Oregon Bankers Association, if any person answering Abbott's description puts in an appearance; also advise their customers to be very careful in accepting drafts to which bills of lading are attached, unless the genuineness of the bill of lading is absolutely known.

No. 152.—Time Certificate of Deposit No. 424, dated February 8, 1910, favor Mrs. Georgetta C. L. Henry, amount \$250.00, issued by State Bank of Moore, Montana, has been lost or stolen. If presented to you by any one other than Mrs. Henry hold party and wire this office, or H. Yaeger, Secretary Montana Bankers Association, Lewistown, Montana.

Washington Bankers Association,
Office of the Secretary.

Tacoma, Wash., July 1st, 1910.

WARNING.

No. 153.—A party signing his name "William Clement," also "George Staples" and the "Everett Imp. Co. by George Wilson, Engineer," has succeeded in defrauding parties in Eastern Washington and Idaho by passing checks drawn on the "Everett Trust and Savings Bank, Everett, Wash." These checks are all fraudulent, as no such accounts have even been on the books of that bank. Be on your guard against them—they range in amounts from one to forty dollars.

No. 154.—Look out for a person signing himself Geo. Wilson, who has been attempting to pass checks drawn on a fictitious Spokane bank, changing the counter checks to read "First National Bank, Spokane." He is described as about 28 years of age, wears a blue serge suit, tan oxfords and small Scotch cap, height about 5 feet 10 inches, dark complexion. Wears small black mustache. Purports to be an engineer in employ of Northern Pacific Ry. Carries a fountain pen and uses a small check protector known in the catalogue as "Pearl." He worked successfully in Montana.

No. 155.—You are again warned to be on the lookout for the man who wants to buy a farm and who will allow you or some real estate dealer in your town to show him farms and finally settle on the one he wants to buy. This is all preliminary to getting a check cashed before he leaves town. The check of course always turns out to be worthless. This old game has again been worked in our State by a man giving his name as Carl Schlosner, weight 169 pounds, sandy mustache and light hair, height 5 feet 7 inches, ruddy complexion and about 36 years old. Wore gray suit and gray soft hat. The check he used was for \$300, signed Simmons Hardware Co. of St. Louis and drawn on a bank in New York City.

Please notify all your customers dealing in real estate to be on the lookout for this game.

No. 156.—I am in receipt of information that a concern calling themselves the Pittsburg Refining Co. has checks printed payable at their institution. This company is not known and the checks are evidently fraudulent. The checks are signed Pittsburg Refining Co., by J. J. Perkins, or by J. J. Brown, Pres., and are made payable to D. D. Dailin. Checks signed Harrisburg Refining Co., payable to A. T. Damon, have also appeared and are supposed to be worked by the same party, who has been quite successful in Minnesota and is now known to be in the Dakotas.

No. 157.—The Nebraska Bankers Association offers \$100.00 reward for the apprehension of one M. Wilson, described as follows: About forty years old,

weight about 170 pounds, quite tall, dark complexion, looking rather like an Englishman, smooth-shaven, and appears to be of a nervous temperament. It is thought that he drinks quite a good deal. He attempts to cash checks of A. McDermott Scott, drawn on the Ramsey County State Bank, Minneapolis, Minn. Also uses the name Montgomery Blair Lumber Co., per J. H. Berry, drawn on First National Bank, Omaha, payable to F. R. Manning.

Be on your guard.

Montana Bankers Association,
Office of the Secretary.

Lewistown, Mont., June 30th, 1910.

WARNING.

You are advised that a salesman formerly employed by the Norris Safe & Lock Co., at Seattle, is making unauthorized drafts on them.

Montana Bankers Association,
Office of the Secretary.

Lewistown, Mont., July 9th, 1910.

WARNING.

Fraudulent work of R. A. Abbott through bogus bills of lading.—Representing through his stationery, himself to be R. A. Abbott, dealer in real estate, loans, livestock, farms and ranches, office 132 East Third street, Portland, Ore., telephone East 68, has defrauded several dealers in hay and provisions in the manner as described in notice from the Washington Bankers Association under date of July 1st. (See page 100.)

A party signing his name "William Clement," also "George Staples" and the "Everett Imp. Co., by George Wilson, Engineer," has succeeded in defrauding parties in Eastern Washington and Idaho by passing checks drawn on the "Everett Trust and Savings Bank, Everett, Wash." These checks are all fraudulent, as no such accounts have even been on the books of that bank. Be on your guard against them. They range in amounts from one to forty dollars.

You are again warned to be on the lookout for the man who wants to buy a farm and who will allow you or some real estate dealer in your town to show him farms and finally settle on the one he wants to buy. This is all preliminary to getting a check cashed before he leaves town. The check, of course, always turns out to be worthless. This old game has again been worked in the State of Washington by a man giving his name as Carl Schlosner, weight 169 pounds, sandy mustache and light hair, height 5 feet 7 inches, ruddy complexion and about 36 years old. Wore gray suit and gray soft hat. The check he used was for \$300.00, signed Simmons Hardware Co., of St. Louis, and drawn on a bank in New York City.

Please notify all your customers dealing in real estate to be on the lookout for this game.

We are in receipt of information that a concern calling themselves the Pittsburg Refining Co. has checks printed payable at their institution. This company is not known and the checks are evidently fraudulent. The checks are signed "Pittsburg Refining Co., by J. J. Perkins," or by "J. J. Brown, Pres." and are made payable to D. D. Dailin. Checks signed Harrisburg Refining Co., payable to A. R. Damon, have also appeared and are supposed to be worked by the same party, who has been quite successful in Minnesota and is now known to be in the Dakotas.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Michigan Bankers Association,
Office of the Secretary.

Detroit, Mich., June 30th, 1910.

BULLETIN NO. 53.

The attention of our members is called to the fact that one Harry Bradley is presenting drafts to Michigan banks drawn on the Tuckertown Bank, of Tuckertown, N. J. The latter bank has no knowledge of any such person. He is supposed to be one Harry Sapp, about 40 years of age, 6 feet high.

Checks or drafts by this party should be refused and information given this office at once.

Michigan Bankers Association,
Office of the Secretary.

Detroit, Mich., June 30th, 1910.

BULLETIN NO. 54.

FORGED CHECK.

The attention of our members is called to the fact that checks are being presented signed with a rubber stamp by the W. R. Walton Lumber Co., by W. R. Walton, President, on the Union National Bank of Indianapolis. No such account is carried in the latter bank.

Please be on the lookout for these checks and, if any are presented, give us full information at once. The checks are generally \$35.00 each.

This party is about 5 feet 9 inches tall, weight 170 pounds, age over 40, florid face, grayish brown hair and a gray suit.

Michigan Bankers Association,
Office of the Secretary.

Detroit, Mich., July 14th, 1910.

FRAUDULENT CHECKS.

We are advised that a party is presenting checks in Northern and Western Michigan, signed J. B. Valier and drawn in favor of G. H. McMahon on the First National Bank of St. Ignace.

The maker's name is a forgery and he has no account at this bank. The checks are evidently put out by McMahon.

Members are warned against these checks; if any are presented, they should be taken up and held.

Ohio Bankers Association
Office of the Secretary.

Columbus, Ohio, July 21, 1910.

\$100 REWARD FOR THIS MAN.

A party representing himself to be B. J. Gifford, Chicago, yesterday swindled a member of the Ohio Bankers Association in Northwestern Ohio. Was introduced by a good customer of the bank, from whom the man had made quite a large purchase of merchandise. He tendered in payment a savings pass-book on the Merchants Bank, Chicago. After customer introduced him, bank advanced him \$185. They telephoned Chicago shortly afterward, to find if draft was good, and within about an hour were advised that they had been swindled, and that the Illinois Bankers Association had been after this man for some time.

Same man has recently swindled banks in Kansas, Missouri and Illinois, and before coming to Ohio defrauded a bank in Wisconsin. Travels fast and is a smooth worker. Worked the real estate game in Western States, appearing at bank with a local real estate agent or a lawyer, claiming he is about to close up a real estate deal.

With our member, however, was introduced by a furniture dealer, having made an ostensible pur-

chase as above mentioned. Description: Age 38. Height 5 feet 6 or 7 inches. Complexion light, somewhat tanned. Hair fine, medium light brown—slightly bald. Mustache brownish, drooping, thin and untrimmed. Eyes blue. Drowsy appearance. Wears striped grey suit, grey or slate hat, telescope shape, brown tie, black shoes. Has a Masonic button, blue background, on vest. Quiet spoken, rather diffident. Has a number of safety deposit keys. Talks freely, but seems nervous. Travels with a slim blonde woman about 30 years of age, wearing white shirt waist and black skirt.

Before coming to Ohio had in his possession a certificate of deposit No. 86 to order of B. J. Gifford, Clifton City Bank, Clifton, Missouri, for \$700, dated July 7th; savings pass book of the Illinois State Trust Company Bank, East St. Louis, No. 4688, showing an entry of \$2,225.00. Both were obtained fraudulently. Offered to draw on Corn Belt Bank, Bloomington, Ill., for \$11,000 when in Chicago.

Used savings pass book on Merchants Bank, Chicago, with our member, as mentioned, and besides receiving cash was given pass book with an entry of about \$2,500.

Warrants are out for him in several States. The Protective Committee of the Ohio Bankers Association offers \$100 reward for his arrest and conviction.

Nebraska Bankers Association,
Office of the Secretary.

Omaha, July 23, 1910.

WARNING.

A swindle is being worked by means of a prospective purchase of land. The plan is not especially new. A check is given purporting to be issued by the Simmons Hardware Co., signed by Robert R. Manning, President and D. J. Schlossner, Secretary, on the Merchants' National Bank, New York, N. Y. (See page 13 in last month's Journal for fac-simile of check.)

Get the characteristics of the check in your mind and watch for the appearance of any like it. Warn your customers against endorsing such a check.

Do not content yourself with merely preventing a loss, but make it your business to help this office capture the man.

Phone or wire this office at our expense.

The man makes a fine appearance; is 35 or 40 years old; about 5 feet 8 inches tall; appears to be of German extraction; stocky build; about 160 pounds; light hair and complexion, wore a gray suit and gray hat. Watch for him.

His victims are usually real estate men.

Ohio Bankers Association,
Office of the Secretary.

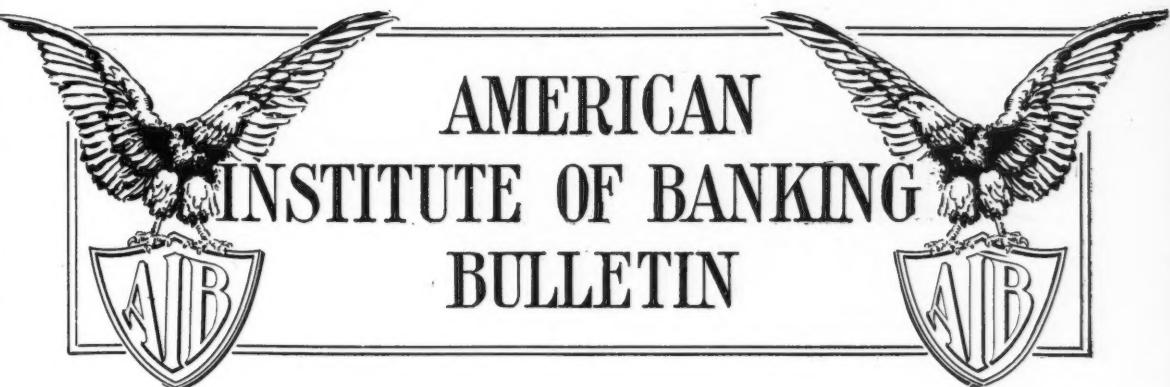
Columbus, Ohio, July 29, 1910.

\$50.00 REWARD FOR SWINDLER.

A party representing himself as W. J. Smith is wanted for passing a check on a member of the Ohio Bankers Association in Northeastern Ohio for \$75.00, signed Chattanooga Medicine Co., of Chattanooga, Tenn., payable to the order of R. W. Sproston. It appears that Smith forged the endorsement of Sproston. He was introduced to the bank by a local party whom they knew, and he had represented to the bank's friend that he was an engine inspector for the Lake Shore or Pennsylvania Railroad.

He is described as follows: Height, 5 feet 11 inches; weight, about 170 lbs.; complexion, light; light mustache, light hair. Was dressed in gray suit and wore a sailor straw hat. Age about 30. He is a fluent talker and speaks with a slight foreign accent; claims to be a graduate of Cornell University.

The Protective Committee of the Association offers \$50.00 reward for the arrest and conviction of this party.



AMERICAN INSTITUTE OF BANKING BULLETIN

OFFICERS OF THE INSTITUTE.

RALPH H. MacMICHAEL, President, Pittsburg, Pa.....	Mellon National Bank
LAWRENCE C. HUMES, Vice-President, Memphis, Tenn.....	First National Bank
CHARLES H. MARSTON, Secretary, Boston, Mass.....	National Shawmut Bank
RENIE J. TAYLOR, Treasurer, Savannah, Ga.....	Citizens' & Southern Bank
GEORGE E. ALLEN, Educational Director, New York City.....	Eleven Pine Street

INSTITUTE EXECUTIVE COUNCIL.

1911.

BRANDT C. DOWNEY, Chairman, Indianapolis, Ind.	Continental National Bank
RALPH H. MacMICHAEL, ex-officio, Pittsburg, Pa.....	Mellon National Bank
LAWRENCE C. HUMES, ex-officio, Memphis, Tenn.....	First National Bank
ALFRED M. BARRETT, Vice-Chairman, New York City.....	Guardian Trust Company
E. A. HAVENS, Providence, R. I.	Mechanics' National Bank
A. WALLER MORTON, Chicago, Ill.	National City Bank

1912.

FRANK M. CERINI, Oakland, Cal.	Oakland Bank of Savings
WILLIAM S. EVANS, Philadelphia, Pa.	Rufus Waples, Banker
E. C. PHINNEY, Minneapolis, Minn.	Northwestern National Bank
CARROLL PIERCE, Alexandria, Va.	Citizens' National Bank
F. L. UNDERWOOD, Chattanooga, Tenn.	Hamilton Trust & Savings Bank

1913

GEORGE A. BROWN, Denver, Col.	Denver National Bank
HENRY J. MERGLER, Cincinnati, Ohio.	Union Savings Bank
HERBERT H. OWENS, Baltimore, Md.	Farmers & Merchants' National Bank
HARRY F. PRATT, Cleveland, Ohio.	First National Bank

INSTITUTE EDUCATION.

Systematic Education the Watchword of Institute Work—Students Who Have Sized Up to the Institute Standard in Final Examinations for Institute Certificates—Candidates Who Have Passed Final Examination in One But not Both of the Courses in "Banking and Finance" and "Commercial and Banking Law"—Centralization of Study Suggested for the Coming Year.

Educationally the Institute accomplished more last year than during the previous nine years of its history. Practical experience has taught the truth—which should always have been self-evident—that systematic education as provided in the Institute study courses and standard examination is the one thing tangible in Institute work. There is much good in miscellaneous lectures, debates develop desirable qualities and social contact polishes personality, but the results of such educational processes cannot be

inventoried, measured or stamped. It is quite as necessary that a banker should have some definite idea of his mental assets as it is necessary that a bank should have some definite record of its financial assets, and the paramount object of the Institute is therefore to fix and maintain a recognized standard of education in "Banking and Finance" and "Commercial and Banking Law" by means of official examinations and the issuance of certificates. Such certificates are issued in the name of the "American Bankers Association, American Institute of Banking Section," and signed by officers of the American Bankers Association and the American Institute of Banking. Examinations for certificates are termed final examinations and are conducted under such regulations as the Institute may determine. Credit is given severally for the final examinations successfully undergone, but certificates are issued only to students who have passed final examinations in both "Banking and Finance" and "Commercial and Banking Law." Graduation at approved schools of banking and finance

will be accepted as equivalent of Institute final examinations in that subject. Graduation at approved schools of law or membership of the bar will be accepted as equivalents of the Institute final examinations in "Commercial and Banking Law." To be eligible to final examination in either of the subjects of "Banking and Finance" or "Commercial and Banking Law" any student must have done at least fifty hours of class or correspondence study in that subject. To qualify students for examinations for certificates the Institute provides courses of study in "Banking and Finance" and "Commercial and Banking Law" through alliances with such schools as have revised and extended their educational facilities to suit Institute requirements. In addition to such facilities as are provided by accredited educational institutions the Institute furnishes courses of printed lectures for the use of Chapter classes generally, but more particularly for Chapter classes where professional instructors are not available. Such lectures and collateral exercises are admirably adapted to correspondence instruction and under the new arrangement whereby all members of the American Bankers Association have been made associate members of the Institute education by correspondence will be greatly extended.

Institute Alumni.

Students who have completed the preparatory work required in both "Banking and Finance" and "Commercial and Banking Law" and passed the final examinations in both subjects are awarded the Institute certificate and are known as Institute alumni. The present list of Institute alumni is as follows:

Baltimore—Roland Benjamin, John Broening, Jr., Raymond B. Cox, W. K. Erdmann, James D. Garrett, George R. Gleisner, O. G. W. Levy, Grason Ray, W. Wilson Taylor.

Bemidji, Minn.—A. G. Wedge, Jr.

Boston—Olaf Olsen.

Butte, Mont.—Geo. T. Watts.

Chicago—Chas. L. Beers, H. L. Benson, Wilbur T. Blanchard, Lester B. Brady, Wm. Brueback, Chas. S. Cole, Harold W. Dorn, O. W. Draeger, Herman E. Ellefson, Joel W. S. Flesh, Paul Foerster, Jr., Robt. E. Hanneman, E. W. Jaeger, Walter L. Johnson, J. R. Julin, Thad. S. Kerr, Frederick L. Lothrop, V. C. McGill, Louis J. Meahl, Walter Andrew Mueller, F. E. Musgrove, Thos. J. Nugent, W. W. O'Brien, Carl Otto, Chas. A. Peterson, Louis Rich, John W. Rubecamp, T. G. Schafrank, J. C. Shirley, Robt. I. Simons, Harry S. Smale, Elmo Stevenson, Frank C. Tank, T. H. Thiese, Wm. E. Walker, Chas. W. Wilson, Ralph C. Wilson.

Cincinnati—Chas. W. Dupuis, H. J. Guckenberger. Flushing, L. I.—Alfred G. Freeman.

Havana, Cuba—James C. Martine.

Kalispell, Mont.—H. V. Alward.

Le Seuer Center, Minn.—S. H. Whitney.

Milwaukee—W. H. Haase, Otto N. Ludwig, Christie Sherman, Alexander Wall.

Minneapolis—I. F. Cotton, E. A. Ripley.

New Orleans—Victor L. Bernard, Fritz Borge-meister, John Dane, Richard G. Fitzgerald, Harry Hardie, R. S. Hecht, Wm. B. Machado, Robt. J. Pal-frey, Frank L. Ramos.

New York City—Keith Lanneau Baker, Alfred M.

Barrett, W. C. Becker, J. Broderick, F. J. Brown, C. F. Bruder, Jr., Chas. W. Cary, O. H. Cheney, Wm. Clements, W. I. Dey, Chas. Feuerstein, S. K. Fischer, J. M. Harding, Wm. C. Heinkel, Orrin R. Judd, R. P. Kavanagh, F. I. Kent, Wm. J. Liebertz, J. A. Neilson, G. Lawrence Pegram, T. A. Pyterman, Wm. M. Rosen-dale, Thos. H. Ryan, Irving V. Scott, Henry C. Steinau, Wm. M. Van Deusen, M. L. Wicks, G. B. Williams.

Philadelphia—E. Leslie Allison, E. F. Benner, Jas. B. Borden, J. K. Cope, Jr., David Craig, Arthur R. Elmer, Wm. S. Evans, Frank C. Eves, Carl W. Fenninger, H. J. Haas, Chas. R. Horton, J. T. A. Hosbach, J. C. Knox, Harry Kollock, Vincent B. Kulp, Chas. T. Patton, A. W. Pickford, Adin P. Rich, John R. Roberts, Thos. W. Smith, Freas Brown Snyder, F. A. Stickney, John H. Wood.

Pittsburg—A. G. Boal, Samuel Carothers, Jas. Carson, A. H. Copeland, B. O. Hill, Alpha K. King, Geo. H. Leitch, Ralph H. MacMichael, Andrew P. Martin, W. E. Palmer, Robt. Patterson, Harry J. Pears, J. E. Rovensky, Samuel M. Shelly, John H. Tawney, John DeM. Werts, D. C. Wills.

Salem, Va.—W. Beerbower.

Scranton, Pa.—H. L. Dimmick.

Williamsport, Pa.—Edw. L. Taylor.

Wrightsville, Pa.—Chas. H. Moore.

Zeeland, Mich.—Thos. Keppel.

Commercial and Banking Law.

During the past year the Institute made a specialty of the study course in "Commercial and Banking Law" as the course in "Banking and Finance" has been undergoing a thorough process of revision. The Institute course of study in "Commercial and Banking Law" is arranged on the general proposition that every banker should know enough law to distinguish between what is law and what is mere legal opinion, so that he can act intelligently upon established legalities and refer doubtful questions to some lawyer. Contracts form the basis of that part of law which is of chief importance to bankers. This is because all commercial or financial transactions involve contracts. The study of commercial and banking law, therefore, must have its foundation in an understanding of general business contracts. In the first instance it is necessary to determine what a contract really is. Then we must investigate the practical business results of a contract. After this, the object is to apply the knowledge so acquired to contracts of special natures. We must consider contracts involving agency and the relations between employer and employee and the various business transactions which are carried on through agents or employees. After this, our attention should pass to contracts relating to personal property, such as the sale, transfer or pledge of stocks, bonds or other articles. Then we must consider contracts involved in partnerships, whether made between partners or by partnerships with outsiders. In addition to these we have contracts made by corporations with outsiders or between corporations and their stockholders. After due consideration of contracts in general the course of study gives special attention to the ways in which these various forms of contracts are related to the transactions of banking and financial institutions, including, most prominently, commercial paper. In fact, although many events of busi-

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

ness life are involved in this course of study, the work is primarily for the purpose of making it applicable and useful to Chapter members of the Institute. The following-named students have passed final examination in "Commercial and Banking Law" but not yet in "Banking and Finance":

Aberdeen, Wash.—W. F. Paull.

Baltimore—John J. Delaney, W. H. B. Evans, John J. Graham, Adrian Gape, P. S. Hensel, B. F. Kennedy, J. Webb McCurley, J. P. W. McNeal, Chas. H. Mueller, Geo. Otto, Robt. P. Price, Edw. G. Rusk, W. J. Shamberger, Ivan Skinner, Albert N. Smith, Clinton K. Wells.

Chicago—Alexander N. Dahl, James P. Drabek, F. O. Goetz, John Gullikson, Leon S. Hazard, O. Henrikson, Royal A. Hoagland, Jas. E. Hull, W. P. McCourt, John B. McEwan, W. B. Martin, E. J. Mulvihill, John R. Netterstrom, M. F. O'Connor, Chas. B. Overaker, Harry W. Peterson, H. H. Pfaff, L. H. Reinking, Wm. H. Schmidt, Samuel Shuster, Frank S. Taylor, J. A. Walker, Geo. S. Williams, F. H. Willen.

Cincinnati—John P. H. Brewster, James B. Chambers, Wm. Cummins, David Ellischak, James A. Emert, Aug. H. Gelle, W. H. Griest, Benj. F. G. Keam, Henry J. Mergler, Harry Miller, John Scheumann, Wm. H. Schmidt, Arthur J. Schmitt, Geo. Schraffenberger, Jr., A. L. Schreve, Howard D. Thomas, C. L. Westermann.

Cleveland—W. R. Green.

Head of the Lakes—John L. Evans, C. J. Grogan, R. C. Kreimer, G. H. McCarthy, H. C. Matzke, R. H. Pearce, A. W. Taylor, Lewis Walton, John R. Wells.

Los Angeles—H. E. Allen, A. S. Forman, James N. Hastings, H. C. Hurst, P. W. Lacy, S. W. Murray, W. H. Thomson, Edward H. Wallace.

Louisville—John T. Bate, J. K. Curry, F. Wm. Lensing, W. J. Webb, H. D. Young, Jos. M. Zahner.

Milwaukee—Carl Anderson, F. E. Bachhuber, H. J. Dreher, Frank T. Nicholai, A. W. Scheer, Edw. Schroeder.

New York City—W. C. Hutton.

Oakland, Cal.—Frank M. Cerini, John Davidson, John E. Gustafson, L. H. Heacock, Geo. W. Ludlow, K. A. Milligan.

Philadelphia—Robt. C. Alexander, R. R. Bartlett, Edw. C. Bell, M. E. Benton, R. M. Brandriff, Darsey Butler, R. W. Campbell, David R. Carson, Jos. S. Clark, A. B. Coffin, A. L. Crispen, E. J. Davis, H. E. Delly, P. E. Dickinson, Elmer G. Dutton, Chas. B. Engle, A. G. Felix, Jacob Frank, Morton Frick, Chas. C. Gamble, Raymond Gilbert, J. H. Hall, J. D. Hayes, W. E. Hitchcock, E. Hoag, J. D. Ingham, W. Robinson Johns, A. A. Keiser, M. J. Klank, E. N. Matsinger, W. A. Nickert, J. F. Paynter, Frank O. Pearce, M. D. Reinhold, C. P. Rowland, T. H. Runcie, T. A. Ryan, T. W. Scattergood, E. T. Schwartz, W. G. Scott, Robt. G. Test, J. L. Thornton, E. H. Thurman, E. C. Tingley, R. W. Whitaker, Stuart White, H. T. Wilcox, Edmund Williams, A. H. Wilson, E. S. Wilson, M. J. Woerner.

Pittsburg—S. V. Barton, J. H. Blair, F. G. Monroe, H. B. Powell, Jr., A. W. Schreiber, A. B. Shaw.

Rochester—John Henderson, F. Mutschler, Frank L. Nied, C. F. Rothmeyer, Bernard J. Shaw, F. M. Simpson.

Scranton—A. E. Breen, W. B. Cramer, Jos. Davis,

Geo. B. Dimmick, J. D. D. Gladding, John Greiner, Jr., L. A. Howell, E. R. Kreitner, George C. Nye, E. F. Price, Norris S. Swisher.

Shreveport, La.—G. P. Barr, Ben Blumberg, Patton Hawkins, R. L. Heard, R. McL. Jeter, C. E. Peatross, Claude G. Rives, C. A. Sheehee.

Washington, D. C.—Samuel J. Henry, Carroll Pierce.

Banking and Finance.

The Institute course of study in "Banking and Finance" as revised and now ready for delivery is intended to cover the theory and practice of banking and such principles of economics as apply to the banking business. The purpose is (1) to develop familiarity with banking methods, forms and accounts as now practiced; (2) understanding of the principles involved in various banking transactions; (3) knowledge of the development of banking institutions in this and other countries; (4) comprehension of the relationship between banking and other industries. The Institute study course in "Banking and Finance" which considers the subjects of "Economics," "Production," "Distribution," "Consumption," "Exchange and Money," "Money and Credit," "Credit and Banking," "Banking Functions," "Bank Organization," "Bank Administration," "Bank Accounting," "Cash and Cash Reserve," "Clearing Houses," "Bank Examinations," "Collections and Transits," "Loans and Discounts," "Stocks and Bonds," "Trust Companies," "Savings Banking," "Foreign Exchange," "Public Expenditures," "Public Revenue," "Budget Making," "Public Credit" and "General Review." The course thus arranged is complete in itself and no text-book or collateral reading is required. In the parts of the study course pertaining to finance the aim is to provide some knowledge of the general facts of commerce and industry, the climate and geographical factors affecting production, and of the agricultural, manufacturing and transportation industries of the United States and of other countries. On the basis of these facts and of whatever business experience the student may have acquired, he should then study the more comprehensive subjects of the nature and value of money, the demand and supply of money, the character and uses of credit, the relationship of credit to banking, conditions which influence prices and rates of interest and the various problems which pertain to metallic money and paper currency. Finance deals with business methods and problems. It calls for a knowledge of practical business, but, much more fundamentally, it calls for capacity to generalize, with a view of construing the general principles under which orderly human society organizes itself to satisfy its physical needs.

Following is a list of students who have passed the Institute final examination in "Banking and Finance" but not in "Commercial and Banking Law":

Atlanta, Ga.—E. A. Bancker, Jr.

Baltimore—Geo. W. Collars, J. Leonard Hoffman, Jr., Wm. Rowe Janney, Doland A. Knox, E. J. Lucke, H. W. Lucke, S. J. McCormick, Daniel Miller, Geo. Requard, J. Newman Richardson, E. P. Smith, Carl E. Wagner, J. Osborne Wilhelm.

Butte, Mont.—J. D. Farmer.

Chicago—Chas. S. Elkington, Harold Held, A. W. Morton, Harry Roney.

Cleveland—Clay Herrick.
 Connellsburg, Pa.—Ella Sauter.
 Easton, Ill.—J. H. Heberling.
 Hamilton, N. D.—Horatio E. Kellar.
 Haverhill, Mass.—W. D. Stearns.
 Indianapolis—Brandt C. Downey.
 Milwaukee—Daniel T. Leisk, John H. Puelicher,
 R. L. Stone.
 Minneapolis—C. B. Brombach, C. A. Clark, W. E.
 Field; Robt. Lyman Grant, J. W. Groves, E. S. Jones,
 R. H. Kenyon, R. C. Klinkenberg, J. G. MacLean, R.
 F. McTavish, H. E. Marshall, G. E. Masters, K. M.
 Morrison, Frank Plachy, G. G. Struthers, Gray War-
 ren.
 New York City—N. D. Alling, Samuel Ludlow,
 Jr., Frank Pingrey, J. J. Touhig.
 Pittsburgh—W. S. Sutton.
 Plattsburg, Mo.—H. R. Riley.
 Providence—W. G. Meader.
 Rossburg, Ohio—Albert W. Kehrer.
 St. Louis—A. O. Beimbrick, F. L. Denby, F. W.
 Goerlich, G. H. Kleinschmidt, E. L. Lalumier, F. J.
 Miller, B. W. Moser, Armin Pfisterer.
 Southbridge, Mass.—Allan H. Faxon.
 Washington, D. C.—Joshua Evans, Jr.

Chapter Work.

The educational work of large city Chapters in alliance with schools of finance and law is supplemented by general lectures and debates mixed with more or less entertainment for promotion purposes. Similar features may be introduced in small Chapters, but the central idea should be systematic work in accordance with the co-operative method of instruction in which some Chapter member is appointed to read the serial lectures and conduct quizzes in connection therewith. Amateur instructors thus appointed are supplied with a key to quizzes for their personal use. Under this plan authority to conduct preliminary and final examinations for Institute certificates is not delegated, but such examinations are conducted from the Institute general office. The co-operative method requires on the part of some local Chapter member the ability of leadership and from his associates the spirit of loyalty and the genius of work. In thus pursuing the lecture courses the first move is to organize a class and select a class conductor. It is not necessary that the class conductor should be a member of the Chapter. If some man who is familiar with educational work is available he may be secured. In organizing the class students should be regularly enrolled. If the lectures are to be used on regular Chapter meeting nights all members should enroll who expect to continue their attendance to the conclusion of the course and undergo preliminary and final examinations. If lectures are given only on special class nights, such members as attend should be enrolled. The purpose of the enrollment is to keep an exact account of the attendance of each student in order that his time may count in preparatory work for final examination, as each lecture will count two hours toward the fifty hours of preparatory work prescribed for each course. An enrollment blank will be supplied with proper rulings so that the attendance of each member of the class may be checked off on each night as class meets. The Conductor should see

that this is regularly done. Enrollment sheets are to be returned to the Educational Director when the course is completed.

The lectures should be read first and the questions in connection therewith given out afterward by the Conductor. As such questions have direct relation to the lecture, the class should be able to answer them, but if not, the Director will find correct answers in the accompanying key. Much interest may be aroused and profit derived through judicious use of such questions and answers. When the time arrives at the end of the course for the final examination (which will be supplied by the Institute) the Class Director should use every effort to get every member of the class to take it. A certain night should be selected, the class brought together and the lists of questions distributed. The answers should of course be written at that time and the papers collected, and returned at once to the Educational Director for marking. Much will depend upon the zeal and foresight of the Class Director in making these lectures and examinations a success. The fact must be borne in mind that the lectures are to remain the absolute property of the Institute and are not to be copied or mutilated while in the possession of any Chapter.

Correspondence Instruction.

The courses of study provided for Institute students are adapted to correspondence as well as class work, and the extension of correspondence instruction will be greatly facilitated by the arrangement recently consummated whereby all members of the American Bankers Association have been made associate members of the Institute. In the correspondence method of instruction the exercises provided in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticisms and suggestions as may be helpful in each case. Students are privileged to ask incidental questions and special letters are written to overcome individual difficulties. Average students get little benefit from books alone. What most of them need is a teacher to direct them and to encourage them and to drive them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thoroughness and thought. In correspondence instruction during the coming year, as well as in Chapter work, special attention will be given to the course of study in "Banking and Finance." The tuition fee for the correspondence course in "Banking and Finance," including text-literature, sectional exercises conducted from the Institute general office, and final examination for credit toward the Institute certificate, is \$20, less fifty per cent. to Chapter members or employees of financial institutions that are associate members of the Institute through membership in the American Bankers Association. Specimen lessons will be sent on application to the American Institute of Banking, 11 Pine street, New York City.

CENTRAL BANK FOR THE UNITED STATES.

By A. M. Dickerson of Chattanooga—Second Prize
Essay in the Institute Central Bank Contest.

It is evident that the country has entered upon a movement that will probably engage the earnest attention of our people and our public men for a long period, looking toward a readjustment of our currency system and an adaptation of our banking methods to the needs of the present and the future.

It took Switzerland seven years to contrive a currency and banking plan acceptable to all interests and opinions, and, although we may profit largely by her experience, it is not likely that we can arrive at a satisfactory conclusion in less time, the interests being involved being so vast and so varied. Moreover, the Swiss banks had long held close relations with the Bank of France, depending upon their great neighbor in many ways, so that the transition from a system of isolated banking to a central bank was in no sense a radical change. However long it may take us to weigh all the factors in the question and reach a satisfactory plan, after giving due relative consideration to the experience of other nations, and our own political history and development, it is certain that a definite stage in the discussion has been attained, where many important premises meet with universal acceptance. It may prove profitable to examine these premises briefly and to consider such conclusions as may reasonably be drawn from them.

All authorities agree that the United States suffers more severely than any of the other commercial nations from panics and crises; that recovery is slower than elsewhere, and that these panics and crises are recurring with every increasing frequency. It is recognized that the panic of 1907 was caused by defects in our financial machinery, and was not the result of natural causes, or of the operation of any economic law. The propeller broke in calm weather, when there was not a cloud in the sky. The machinery must be replaced. Tinkering will not answer.

It is conceded that our currency system is defective. Instead of being homogeneous it is made up of divers elements. The greenbacks are unstable and fixed in quantity. The silver dollar is fixed in quantity, and is based largely upon the public credit, partaking only in small measure of the element of value. A skillful adaptation to the needs of the retail trade averts for the present the acute dangers which a redundancy of this circulation would bring about. The national banking currency, forming only twenty per cent. of our entire circulation, is relied upon entirely to take up the ebb and flow of financial currents, which in other countries is distributed over the whole body of the currency. Varying in accordance with the speculative value of government bonds, rather than with the fluctuation of the volume of trade, national banking currency contracts when money is stringent, causing a curtailment of credit when credit is already disturbed, and expands when money is plentiful and interest rates low. It thus, becoming tied up in speculative enterprises, is, in turn, a contributing cause to the stringency which invariably follows a period of over-expansion.

A restricted bond currency is considered unsound in theory by leading writers, because it places on the government the protection of the currency, which is essentially a tool of trade, and puts upon the banks

the burden of maintaining the national credit, properly the concern of the government and the individual. The economic waste of this reversal of natural functions has been computed. The inelasticity of our currency is commonly reckoned one of the chief factors in the depression of 1907.

It is not questioned that our system of isolated banking has been an efficient instrument in the earlier stages of our development; neither is it questioned that to-day, when modern methods of communication have made the world one economic entity, that the banks need some common bond to give solidarity to the system. It is undeniable that the competition inseparable from a system of isolated banking naturally tends to the undue expansion of credit by each unit, and the hoarding of gold by each unit for its own protection. It has been said that each of our 25,000 banks is required by the form of its organization to protect itself regardless of the general credit or monetary situation of the country.

Our reserve agency system is the subject of general criticism. The use of so-called reserves as a basis for the further expansion of credit is indefensible, and makes the suspension of specie payment almost inevitable whenever credit contracts even in a moderate degree, and nothing is so disturbing to the stability of credit as the suspension of specie payments.

J. B. Forgan has well stated the widely shared opinion of our Treasury system in the following words: "Our Treasury system undertakes to supply commerce with its circulating medium, and, having no connection with financial transactions other than the collection and disbursement of public revenue, it cannot satisfactorily do so. Even in the collection of these revenues, by hoarding them in its Sub-Treasuries, it necessarily, and very erroneously, interferes with the natural current of the circulating medium."

Bank note currency based on gold and commercial paper is recognized as superior to a bond currency bearing no relation to gold. Opponents of the central bank idea do not deny that bank note currency, which has borne the test of time and of varying conditions, which is the potent instrument of trade in all the great commercial countries of the world, is the safest, most elastic circulation known to finance; neither do they deny that it is adaptable to our use.

The premises that I have stated are admitted by every authority, and are fast becoming fixed in the public mind. Their cumulative weight, pointing to a central bank, is almost overwhelming. If we are to abolish our bond currency, unless we adopt the complicated, experimental project of a guaranteed currency as proposed by Mr. Fowler and the Indianapolis monetary commission, our only alternative is the bank note currency of modern Europe. If we adopt a bank note currency we must weigh the fact that every commercial nation possessing the advantages of a currency based on the bank note principle issues and controls it through a central bank. The principles of the central bank and the bank note are the product of the same course of evolution. The bank note is safe; the central bank assures this safety by its prestige and authority and its control of the gold supply. The bank note is flexible; the central bank increases this flexibility by affording ease and certainty of redemption. The central bank

makes the adjustment of the bank note to trade more perfect by a scientific regulation of the interest rate.

On the other hand, we find the difficulties of issuing and controlling a bank note currency through a system of isolated banking almost insuperable. No such system could hold adequate control over the gold supply, or keep the commercial paper back of the notes up to a proper standard; neither could it provide ease and certainty of redemption. A bank note currency is not supported by the direct government guarantee that bond currency possesses, and would not enjoy the public confidence if based on a divided responsibility of independent banks. It should be issued through a central bank, in the management of which the government would have a voice, and which could exercise that control over aggregate credit force, which is essential to the efficiency of a bank note currency, or, indeed, to any currency.

Some agency for the transaction of the business of the banks with the government is, of course, necessary. It would not be wise to delegate the collection and disbursement of public revenue to any independent bank. Until, then, some such agency as a central bank in the management and control of which the government will have an actual voice is created, the existence of the Treasury and Sub-Treasuries, with their attendant evils, must continue. We may not expect to see the dangerous method of basing credit on so-called reserves corrected under any system of isolated banking, for the independent banks under the stress of competition will cling to the perilous profits they derive from such an unwarranted expansion of credit.

If we replace our bond currency by a bank note currency, government bonds, no longer held at a false value by artificial means, will find an earning level beside the British Consols and the French Rentes. They would become an international investment of the first rank, and would bring about an influx of foreign capital that would compensate the banks for the loss of earning power resulting from the correction of present reserve methods.

Inductively considered, the arguments to be drawn from accepted premises strongly indicate the creation of a central bank as the logical solution of our banking and monetary problem.

From an objective standpoint the same conclusion is hardly less inevitable. Consolidation in the financial world is progressing so rapidly that the creation of some institution rivaling or exceeding in magnitude the proposed central bank is only a question of time. It is at present a matter of rumor that the National City Bank and the National Bank of Commerce, both of New York City, have taken steps looking to a merger. If this be so, and the book value of the stocks of these banks approximate the market value, we will have a bank the capital and surplus of which will be more than double the capitalization commonly proposed for the central bank. In the management of this great institution, exceeding in resources any central bank in Europe, the government will have no voice. A central bank, then, far from being a step toward monopolistic control of money and credit, as the opponents of such an institution urge, will take this monopolistic control, now almost an accomplished fact, from private hands and place it under the judicious restrictions of a Federal charter.

The opponents of a central bank do not present a battle front, but of necessity confine their attacks to a few vital positions they hope to carry. Of these the most important is the proposition that such an institution, in this country, could not be kept free from political entanglements. Finding no basis for their contentions in the history of any great central bank at present existing—for these institutions have been singularly free from such evils—they turn their attention to the second bank in the United States. The comparison is hardly a just or a profitable one, for, as Conant points out, it is no more reasonable to compare the second bank of the United States with the banks of to-day than it is to reckon modern transportation in ox-cart loads.

Nevertheless, it is interesting to note how modern knowledge and modern methods would have prevented, if they had been available, the faults that led to the downfall of the bank. The first difficulty, one that caused much confusion during the earlier years of the bank's existence, was that share-holders were permitted to pay for their shares in stock notes cash within a reasonable time, the certificates not to be surrendered until fully paid up, was obviously the prudent course to pursue, and the course that would be pursued to-day.

The welfare and stability of the bank were further disturbed by the shareholders demanding special privileges as borrowers. Many of the most influential advocates of a central bank to-day are in favor of confining the borrowing privileges to banks, which, of course, would entirely eliminate this difficulty. If, on the other hand, the eminent authorities to whom our financial problems have been confided can formulate some plan by which the central bank may perform the beneficent function discharged by the Bank of France without injuring existing banking interests, proper restrictions can be placed upon the central bank's power to loan to its private shareholders, as such restrictions and regulations will necessarily control the relations of the central bank to borrowing banks.

It is not necessary that the charter of the central bank be limited to twenty years, as were the charters of the United States banks. Twenty-five years, as Mr. Muehleman proposes, would be better; thirty, perhaps, better still; and a perpetual charter with provision for its revocation if abused would tend largely to keep the central bank from becoming a political issue.

If the President of the second United States bank had been absolutely prohibited by law from taking an active part in politics—as the officers and employees of Canadian banks are—and if his tenure of office had been for life, or at least for a period covering three political administrations, it is not likely that the bank would have become involved in the struggle that caused its downfall. Party lines, moreover, are not as tightly drawn to-day as they were in Jackson's time. Party issues are confused and party spirit less bitter. Opposed to the slogan, "To the victors belong the spoils," which Jackson's administration promulgated, we have an enlightened and progressive civil service.

An efficient supervision by the Federal Government of the affairs of the second United States bank, such as is exercised to-day over the national banks, would have prevented the inflation of the currency

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by the "race horse" bills which the branches of the second United States bank emitted.

An analysis of the conditions existing during the regime of the second United States bank, as contrasted with conditions existing to-day, and a careful comparison of the systems of other countries, giving due thought to our own peculiar conditions and necessities, makes it plain that the creation of a central bank which shall be entirely free from political influence or control is not impossible, or even very difficult, of accomplishment.

Hardly less important is the consideration that the control of the central bank by any interest or group of interests must be made an impossibility. This apparently has been accomplished in the organization of the prominent central banks of Europe. These banks have never been suborned to selfish uses. It is idle to say that this fact is not pertinent. The lust of wealth and power is not peculiar to America. The difficulties we face arising from party government are shared by the older civilizations.

Here again a study of the charter of the Swiss Bank will help us. That charter, as acceptable to the state Socialist party as to the bankers, provides primarily for the holding of the bank stock by the State, the banks and the people, and vests in the Government a voice in, and supervision of, the management of the bank. Many of the advocates of a central bank in this country favor exclusive ownership by the banks; but Geo. M. Reynolds lately President of the American Bankers Association, deems it necessary, in order to secure and hold the public confidence, that the majority of the stock be held by the public.

Dividing the stock between the Government, the banks and the people, and distributing the proportion held by the latter as widely as possible over our citizenship, we shall have taken an important step toward the creation of an institution worthy of, and likely to possess, as great a prestige as the Bank of England enjoys. A division of the stock along these lines would probably keep it as widely distributed as are the shares of the Bank of France or the Reichsbank of Germany. If the stock be made non-negotiable; if, by limiting its dividends, it be made negligible considered as an investment; if one shareholder shall possess but one vote, however large his holdings, as in England, the problem of keeping the central bank a national institution in a true sense may fairly be considered not unsolvable. "The modern world, however, does not discard any great agency merely because its use is attended by danger. To secure a balance of gain by minimizing the risks has been the aim of most communities in dealing with banking during at least four generations."

Other objections are made, of less weight. Mr. Clews thinks that a central bank would dominate Wall Street. Observers, not connected with Wall Street, are inclined to believe that the exercise of a restraining influence over speculation and gambling in stocks, such as a central bank might yield, would be one of the most beneficent functions of such an institution. They would not object if it made the cornering of foodstuffs altogether an impossibility.

Some see difficulties in the way of a central bank arising from our dual form of government. Exactly what these difficulties are has not been made clear. Leslie Shaw furnishes the only clew when he calls attention to the differing reserve require-

ments of national and state banks. The central bank would hold all borrowing banks, whether national or state, to one common level of safety and efficiency; and as this level would not be lower than the highest level now existing, Mr. Shaw's remark does not seem to have any particular application.

Those who find in our great area an argument against a central bank, apparently ignore the fact that the Bank of Russia acceptably serves 150,000,000 people, scattered over two continents, and that right at our doors, Canada, with an area approximately as large as ours, successfully operates a system of branch banking closely analogous to the central bank idea.

The first monetary and banking system of Japan was modeled after the institutions of the United States. Japan, however, was not robust enough to assimilate a system so fallacious and perverse that it has strained the credit and resources of the wealthiest nation in the world. When Japan's securities and currency had become depreciated to half their original value, she cut her yen in two and built upon the ruins of her circulation and her banks a central bank closely resembling the Bank of the Netherlands, and issuing a bank note currency instead of a bond currency. The progress of the independent banks of Japan under a central bank regime, as illustrated by the following figures, is most conclusive evidence that a central bank does not decrease the opportunities of such banks for development, but, on the contrary, places them upon a securer basis of prosperity and usefulness.

	1897.	1907.
Banks	1,281	1,665
Capital paid up.....	161	277
Surplus	19	78
Deposits	235	951 (Millions of yen)

The President of the Canadian Bankers' Association in a letter to the author of the Fowler Bill states as follows:

"Local banks exist and flourish in the Dominion as next door neighbors to branches of the largest banks in Canada."

Mr. Muehleman remarks of the Bank of France that anyone may open an account there with 500 francs, yet, that institution paying no interest, the bulk of the business goes to other banks.

It has been feared that the resources of a central bank would be employed largely in the great money centers of the country, and that inland communities would find their needs unheeded and their development uncared for; and that an obscure borrower who might confidently approach a local bank would find it impossible to establish his credit at the central bank. As to the first objection, I cite the following tribute to the second bank of the United States:

"* * * It made special efforts to furnish currency and facilities to the sections where capital was deficient. * * By far the larger part of its notes were issued to the Southern and Western States, and, relatively speaking, it is a question whether at any time (even to-day) these sections, always showing a need for greater facilities, were as well and as cheaply served as they were by the great bank."

The officers of a central bank seated at a dis-

tance may in many cases be able to judge more wisely the real worth and prospect of ventures in smaller communities than the officers of the local banks, who very often are personally interested in enterprises seeking credit from the institutions they control.

In considering the second objection noted above, it must be borne in mind that it cannot be foretold at present whether a central bank, if one should be established in this country, would confine its loans to banks or deal directly with individual borrowers. If the former, the position of the individual borrower would not be materially changed, and he would be benefited by the increased efficiency the bank would gain through its relation with a central bank having power to issue bank notes against the commercial paper of the borrowing bank; if the latter, it must not be forgotten that the Bank of France discounts annually over 19,000,000 pieces of paper, nearly half of which are 100 francs and under, some being as low as 5 or 10 francs, and that it performs this service at a lower rate of interest than is charged for loans with bond collateral.

When eminent writers and leading business men urge as an argument against a reform vitally affecting the welfare of 90,000,000 people, that it would be unkind to deprive the country banker of the opportunity to achieve immortality by affixing his signature to a bank note, it only serves to show that these authorities are somewhat restricted in their choice of grounds for opposing the creation of a central bank.

The number and diversity of the plans proposed for the reform of our currency based on combination of existing banks is the best argument against any one of them, or any plan partaking of the features of several or all of them. Such plans can only be regarded as preparatory steps looking to the creation of a central bank as a consummation. The plan of Mr. Nash, taking into consideration his previous utterances, cannot be regarded in any other light. Temporary measures have no place in banking or monetary problems. Such problems are too vital, complicated and far-reaching to be subjects of experiment. The banks have plainly shown that they share this view by failing to act under the provision of the Aldrich-Vreeland Bill. The terms of this bill, under which the Monetary Commission was formed, indicate that Congress is seeking a permanent remedy for our financial ills, so far as such a solution is humanly possible. Ample time and facilities are afforded the Commission to attain this end. The time is ripe for such a change. No temporary measure will be acceptable to the nation.

It is not likely that the Aldrich-Vreeland Bill will be supplanted by any law legalizing the issue of script. Script is distrusted and disliked by the public. Even if a tax of 6 per cent. be placed upon it, there is no assurance that the resources of the banks will not sometimes be employed in fostering speculation when most urgently needed in commercial channels, as the call rate of money frequently exceeds 6 per cent. in financial crises, sometimes ranging as high as 125 per cent. Moreover, script has come to be regarded as a last desperate resource, and its issue is equivalent to the suspension of specie payment. Script intensifies any unrest in the financial world and will create it if it does not exist. No change in our currency can be considered a reform

unless it provides a bank note with a metallic covering, payable in gold on demand.

The Fowler bill and the bill presented by the Indianapolis Monetary Commission have many points of resemblance. They both provide for a guaranteed currency. It is doubtful if the principle of insurance may rightly be applied to monetary and banking risks. Society can, and does, protect itself against calculable losses by this means; but monetary and banking risks cannot be reduced to percentages. Certainly, recent experiments in the guarantee of deposits have resulted only in a repetition of former disasters.

These plans both provide for branch banking under conditions that will make it possible for a powerful city bank to establish a branch in a smaller town and actively compete with the local banks. It is not proposed that the central bank engage in branch banking in any such sense, except, perhaps, by the astonishing Peffer, whose recent article on a central bank in the "North American Review" vividly recalls "Alice in Wonderland." The agencies that the central bank may establish in the principal cities will be only a necessary geographical distribution of its powers and functions.

Both of these plans provide for an arbitrary graduated tax on the circulation, and, by a complicated process, gradually retire the greenbacks. One must admire the ingenuity displayed by their authors, but it is the ingenuity of the watchmaker, not of the financier. Horace White observes with the Fowler plan that it is so complicated no one can foresee how it would work.

The plan of Charles H. Treat, formerly Treasurer of the United States, is based on the voluntary association of national banks. It thus depends entirely on the co-operation of the national banks for ultimate success. It is commendable in that it provides for the gradual elimination of the greenback and the silver dollar. It does not afford a satisfactory solution of our banking and monetary problem, because it does not take the state banks into consideration at all. Any measure relieving the difficulties of the national banks alone places the important state banking interests at a corresponding disadvantage. State charters which confer trust company powers cannot be transmuted into Federal charters. State banks, therefore, cannot secure the currency privilege of the Federal bank without surrendering a large and profitable share of their business. The trust companies, in their fiduciary relations, perform an indispensable public service.

Various other schemes are proposed for the reform of our currency. The plan of Victor Morawetz is open to the objections just discussed. The propositions brought forward by the New York Chamber of Commerce and by the American Bankers Association, in 1906, do not differ enough from those already dwelt on to render a separate consideration necessary.

It may be said of all these plans for reforming our currency which make use of existing agencies vested with enlarged powers, that they add further complexities to a system already artificial and ill-contrived. None of them recognizes the relation of the bank note to gold. They are all directed at one phase of the question only, that of furnishing an elastic currency; and it is doubtful if currency reform is really as vital a matter as the adaptation of our banking methods to modern conditions. While

it is possible that some plan based on them might be devised that would relieve the symptoms of financial distress, it could hold out no hope of a permanent cure. It would not correct the hoarding of money in the Sub-Treasuries, or the use of reserves as a basis for the expansion of credit. The remedy for these evils lies exclusively in the creation of a central bank.

No measure not providing for such an institution can place in the hands of our financiers the potent instruments of control over the gold supply, and regulation of the interest rate by means of which bankers conserve the interests of the commercial world against speculation and exploitation. In Europe, central banks keep human enterprise in consonance with conditions outside of control; in America, the isolated banks are not capable of intelligent, concerted effort to guide human enterprise into prudent courses when conditions are untoward, but are often themselves pliable instruments controlled by speculation.

Due thought must be given to the central bank, not only as an instrument of finance, but also as to the relations such an institution would bear to our traditions and ideals. Inquiry must be made as to whether such a bank, with a large capital, tremendous deposits, and preponderant influence, acceptable as it might be for the purpose that inspired its founding, would be an element retarding or restricting our development along traditional American lines; or as to whether, on the other hand, it would not be directly in line with the course of evolution that is making such mighty changes in our economic structure.

The money question has always been a corrupting influence in our national life. Bitter campaigns have been fought around the greenback issue. Important political bodies have contended for the payment of our national bonds in irredeemable fiat money. Dishonor has, at times, been narrowly averted. The silver propaganda, based on fallacious ideas, has misled our people and caused bitterness and dissension. The Sherman Act, the root of so many troubles, was an ugly compromise between the legislators representing the silver mining states of the West and the adherents of a protective tariff. There is no practical doubt that any act of Congress chartering a central bank will arrange for the redemption of the greenbacks. The retiring of the silver dollar will follow as a necessary sequence, if not provided for in the measure. Thus the creation of such an institution will dispose of these two mischievous and dangerous elements and the money question will be eliminated from politics.

There are over 15,000 banks in the United States operating under State charters, with a total capital and surplus of \$1,675,000,000.00, and deposits of \$9,000,000,000.00. Some of the States maintain a rigid inspection over such banks. They are kept up to a high level of safety and efficiency. In Tennessee a semi-annual report from the banks is all that is required. There are no laws whatever in that State regulating the conduct of the banking business. The safety of banks in States where regulation is lax reposes entirely on the integrity and ability of the officers controlling them. While the public has been served with admirable fidelity in the majority of cases, there have been some shameful failures where the confidence of the depositors has been ruthlessly abused. If the charter of the central bank is drawn

along sound lines, State banks may enter into banking connections with it on the same terms as the national banks, and be held up to the same level requirement as to the quantity and quality of reserve, and the quality of commercial paper available for re-discount. In this manner banking will be lifted to a higher plane of efficiency and safety, and loftier ideals will prevail in the banking and commercial world.

During the life of the second United States Bank, and more markedly so during the life of the first, wealth was centered east of the Alleghenies, and the West was largely an unproductive wilderness. Exchanges were steadily against the newly settled country, for it produced practically nothing. To-day, exchanges are not against any one section of the country, but each section has a solvent share in the wealth of the nation. It is chiefly owing to this fact that it is now possible to create a truly national central bank. Such a bank, under the conditions described, would tend to equalize interest rates over the whole country. Absolute equalization is perhaps impossible, yet equalization is practically attained in Canada. Money is 1 per cent. to 2 per cent. dearer in outlying sections, to cover transportation charges, but credit may be purchased as cheaply in the smaller towns as in the money centers. Conditions vary in the different sections of the United States. Credit costs more in some sections than it does in others. This is largely due to our system of isolated banking, for under such a system the banks are correlated into groups by affinity of interests, and usage crystallizes into sectionalism. A central bank, by bringing the independent banks into a cohesive relation, and having a tendency to equalize the cost of credit, and, therefore, the cost of other commodities, would bring about a greater community of interest throughout the country and intensify the national spirit.

Our country possesses 40 per cent. of the banking power of the world, but it does not hold the predominating position of international finance that such wealth should give it. The influence of the most favored nation on the globe is weakened because its banking strength is divided into ineffective units.

In our international banking relations we are unable to carry through relatively insignificant operations such as the Philippine payment, without causing undue disturbances in foreign exchange; nor are we able to protect our gold supply from the depredations of other nations. In domestic finance we are unable to guarantee our trade and commerce an adequate supply of the media of exchange at all times, and at a reasonable cost; nor are we able to maintain a gold reserve against our currency without calling upon the central banks of Europe for assistance.

The mechanism of modern society is the result of evolution, rather than the product of deliberate design. Our National Banking Act was an opportunist measure. Periodical liquidation and reorganization cannot, at the present stage of human development, be prevented. The chartering of a central bank would not avert the suffering and losses flowing from the imperfect organization of human effort or from the visitation of catastrophes. It would, however, replace a banking and monetary system devised to protect the national credit in time of war with one conceived to meet the needs of the commercial and banking world; it would afford greater ease, safety

and economy in our domestic exchanges; give us our rightful influence and weight in our relations with other nations, and transfer the financial capital of the world from the Eastern to the Western seaboard of the Atlantic.

BALANCE OF TRADE AND FOREIGN EXCHANGES.

By Herman Lie.

At the beginning of a new year students of economics and financial experts have the habit of throwing a retrospective glance over the year just passed. The different statistics are studied with much interest, and great efforts are made in order to find out whether the year concerned has been a year of progress or of retrogression; also one tries to analyze and explain possible anomalies. At the end of 1909 and during the first months of the present year, the interest of most observers has been directed especially toward the large imports and the relatively small exports of the United States, which have left an unprecedentedly low excess of exports over imports; at the same time, the abnormally high rates of foreign exchange and the enormous outflow of gold during 1909 have attracted the widest attention.

Numerous articles in newspapers and financial magazines have tried to explain these phenomena; a great many varieties of the well-known theory of the favorable and unfavorable "trade balance" have again seen the light of the day; but it is seldom one discovers really scientific remarks on the subject.

In recent years some European economists have treated the theory of the balance of trade and that of the foreign exchanges in a way which indicates a marked progress as compared with the classical theories of Ricardo, Stuart Mill, and Goschen, and even if they do not reach satisfactory results on all points, they have been able to throw new light on some of the most important parts of the subject.

The classical theory on the balance of trade which still has a good hold on the average student of economics may be stated as follows: "To a country the excess of its exports of goods over its imports means a profit, while the same country sustains a loss if the imports should happen to be more valuable than its exports. The idea is that imports are paid for by exports. Modern economists have widened the scope of the theory by adding to the movements of merchandise such items as sales and purchases of securities by foreigners and other investment of capital abroad, expenditures of travelers, and payment for ocean freight; thus they construct a balance of payments of which the balance of trade is said only to be a part. Formerly it was believed that shipments of gold were necessary in order to settle the balance due one country from another; the two English authorities on foreign exchange, Goschen and Clare, were the first to emphasize the effect of the modern credit system in obviating, or, at least, minimizing the international gold movements.

The statement that "the exports of a country pay for its imports" looks very simple and satisfactory, indeed; but it must be said about it, as has been said about a similar theory of John Stuart Mill: "It simplifies the problem by making hypotheses which take away all its complexity." In fact, the imports

and the exports of a country have not much to do with each other.

The real nature of the foreign trade and of the relation between exports and imports is well set forth by Balchen: "The foreign trade is to be considered as a part of the production of a country, and this fact makes it clear that a country's progress in wealth rests on the inland production in its entirety, not solely or specially on the foreign trade. The latter is only one of the many sources of profit to a country. In order to ascertain the profit or loss arising from the foreign trade it is not sufficient to compare the statistical dates of the entire imports during a year with those of the entire exports. The exports should not be considered as payment for the imports. Each of them must be treated separately, without any relation to the other. The main motive that induces a business man to purchase goods, be it in his own country or abroad, is, that he expects to satisfy a certain demand of his customers and that he feels sure that they are able and willing to pay the price. To him it does not matter at all whether the entire imports or the excess of imports over exports is increasing or decreasing; neither is he concerned about the corresponding tendencies of the exports of the country. The most important basis for the exports of goods is the demand of foreign countries; besides, the fact that a country in certain branches has produced a surplus which cannot be consumed by the inland demand. This surplus wants to be sold at the highest possible prices in the foreign countries, and this is the only thing the exporter is concerned about; like the importer, he expects to get more value in exchange for less value. He does not stop a moment to think over the exports of the country in general or over the relation between exports and imports."

Undoubtedly Balchen's method of investigating the details of the export and import trade is far more apt to make clear the intricacies of this important subject than the method heretofore employed which puts the whole matter off with some insignificant sentence, like "barter of goods against goods." The great mistake has always been to treat a country as a single person, who is importing goods and exporting goods, and whose only aim it is to keep these imports and exports in equilibrium, or, if possible, to have an excess of exports. The truth of the matter is that the international trade always consists in actual sale and purchase, either for cash or against credit, and that always private persons or concerns are engaged in this business, never a country as a whole.

But even if we should indulge in that theoretical fiction of considering a country as a commercial entity, exporting and importing goods to and from other countries, that old dogma that imports are paid for by exports does not stand the searchlight of modern economic science. This is proved by Balchen's taking up the classical theory of the "balance of trade" for criticism from an accountant's point of view. It is, according to the Norwegian economist, a great mistake to consider an excess of imports over exports as a deficit of one sort or other, which has to be covered by profits derived from freight-carrying transit trade, foreign travelers' expenses, or similar income. This would be the same as to say that one certain liability item on a balance sheet

is covered more by some of the asset items than by others; the truth is that every asset item, of whatever origin it may be, contributes on its own part to cover all of the liability items. And, besides, that kind of accounting would consist in a mixup of items belonging to the capital account with items belonging to the profit and loss account.

In making the financial statement of a country, the ordinary rules of accounting ought to be employed; also regarding those items which belong to the international trade. The consequence of this is that goods which have been imported during a year, and which are still in store at the end of the year, should be posted as assets, like other inventories of the country; debts arising from these imports ought to be posted as liabilities. As far as the exports are concerned, goods and money which have been received in payment for exported commodities, and which still are in store at the closing of the account should be posted as assets; also all kinds of claims (f. i. bills of exchange) on foreign countries. But all of these items would constitute only a relatively small part of all the liabilities and resources of a country which are posted in the country's general statement at the end of the year. Among these assets and liabilities the most important are all those values and goods whose basis is the production for inland consumption, railroad transportation, shipping, and so on.

This is all that ought to be said about the capital account. But also a profit and loss account must be made, and this should in our case solely consist of the profits and losses arising from the foreign trade proper. If the single transaction shows a profit or it shows a loss, this profit or loss has to be carried over to the profit and loss account of the whole foreign trade. The balance of this latter should then be carried over to the general account of the whole year's profits and losses, i. e., it must be added to or deducted from the profits or losses arising from the manufacturers' and farmers' production for local consumption, etc. It is only this general profit and loss account that can give satisfactory information in regard to a country's total progress or retrogression in a single year; it is only the balance of this account that corresponds with the difference between a country's resources at the beginning and those at the end of a year.

It goes without saying that with the present statistical methods and with the statistical material now at our disposal, the composing of that kind of account would be an absolute impossibility. Among other things, it would be necessary to ascertain how great a part of the imported commodities still was in store at the end of the year, and how much had been consumed; how much of the values received in payment for the exported values was still unused; to what extent the traders have run into debts; and how great the profits (or losses) on the transactions with the foreign countries have been.

A country may, without impairing or improving its position, increase its debts in the same proportion as the value of all its assets have increased. After all, it is much more interesting to ascertain to what extent goods have been imported for consumptive or for productive purposes than generally to compare the asset.

Even if we according to Balchen treat the imports and exports of a country as entirely independent phenomena it is easily understood that exporters' bills and other claims on foreign countries afford a convenient means of payment for imports and similar debits; in fact, this method of settling has originated that unscientific theory that exports pay for imports. We often read about a favorable or unfavorable balance of trade and balance of payments. In case this balance be favorable, i. e., if a country's exports and other credits exceed its combined debits, we learn that gold will be imported in order to settle the balance—and vice versa. Ordinarily, this talk about favorable and unfavorable balances is very inaccurate. As Petritsch has pointed out the relation of the balance of trade to the balance of payments is not only that of a part to the whole. The balance of trade can only mean the exports and imports of goods during a certain period; while the balance of payments—as each payment affects the creditor and debtor only at the time when it falls due—can mean nothing but the relation at a certain moment of all claims and liabilities due. Even in case of the international intercourse consisting exclusively of trade in goods, the balance of trade and the balance of payments need not by any means coincide, although the exports and imports during a certain period may reach exactly the same volume (in which case there would be neither a favorable nor an unfavorable balance of trade), the balance of payments might easily be favorable or unfavorable at a given moment during this period, because different dates of payment had been fixed. This instance shows what important part credit plays in the commercial relations between different countries; it also shows that the balance of trade has no real importance as to the causes of gold movements and the fluctuations of foreign exchange rates. It may vaguely indicate a tendency; but the only basis from which conclusions possibly may be drawn is the balance of payments. And not a general balance of all payments due in some future time; but that restricted balance of payments which is left after offsetting against each other all liabilities and claims due at a certain moment.

A person who has to make payments abroad may send gold; but as this method of payment is rather expensive and connected with considerable risk he applies to his bank, and this bank having funds or credits in the foreign country provides him with a bill of exchange or a check. Thus it is up to the banks to regulate the international payments. The question now is, what course of action do the banks of a country decide upon in case their liabilities due exceed their claims on foreign banks. It is a common belief that countries with a constantly unfavorable balance of payments suffer from a constant outflow of the yellow metal. But if we compare the figures of the gold movements with those of the entire imports and exports and with the approximate estimates of the other international items we must concede that it is impossible to draw any exact conclusions from them. In 1909 when this country's excess of exports of goods over imports amounted to 252 million dollars, the excess of gold exports was 88 millions; in 1908 the corresponding figures were 636 and 31 millions; in 1906 and 1907 with total excess exports of 430 and 500 millions the excess of gold

imports was 108 and 88 million dollars. And if exact figures of the enormous quantities of American securities each year sold and purchased by foreigners were available we no doubt would see that the gold movements of the corresponding periods were of comparatively small importance. Gold is shipped only when special reasons exist, such as panics, changes in the monetary standard of a country, or big foreign loans. In 1909 almost all of the gold exports of this country went to London, Paris, and Argentina. London and Paris wanted to strengthen their gold reserves on account of the Balkan warfare and a big Russian government loan; Argentina attracted gold on account of a state loan whose chief purpose it was to prepare for the adoption of the gold standard. Petritsch certainly is right in saying that the main function of gold movements is not to settle a balance, but to satisfy the demand for gold in a country which has a scant supply; and this gold is always taken from a country which has more gold than it needs for its inland circulation and bank reserves. Frequently, in times of heavy gold exports, apprehension is felt lest a country may be deprived of all the gold that is necessary for domestic purposes. Yet such a case is unconceivable in modern times. Here we again must remember that it is never a country as a whole which does business with other countries. Goods are not exported at random, and foreign creditors are never guilty of such thoughtlessness as to extend too much credit without safeguarding their own position. As a rule international commerce rests upon fixed business connections; import and commission houses are employed as intermediaries and in many cases "references" and "confirmed commercial credits" are needed; besides, banking houses mostly know the exact standing of their foreign correspondents. When we bear these facts in mind, how may it then happen that foreign creditors should be able and willing to export so many goods to a single country, or in other words, to accumulate such a great quantity of claims on this country as to endanger its whole financial position?

A theory that has acquired a good hold on many economists is that stocks and bonds may be sent in order to settle balances between different countries. With reference to the unknown "financial balance" against the United States it has been asked: "How long has the purchase of our securities by foreigners alone stood between us and financial disaster?" But it cannot be seen that there ought to be any difference between securities and ordinary commodities in this respect. Securities are not shipped only on account of a balance due. Such shipments involve absolutely independent transactions, with premises of their own; there is a demand and supply, a purchase and a sale just as with cotton, grain or manufactured articles.

Balchen discusses at considerable length the relation between commodity prices and the trade balance. The common theory is that "prices higher than those of outside markets automatically tend to invite large importations and to blockade the export market"; and that the natural remedy for this should be lower prices. It would take too much time and space to go into the details of this important subject. It may only be mentioned that the Norwegian economist has no confidence in this theory, as from his point of view there should be no state of

reciprocity between the exports and imports of a country. Recent developments in the foreign trade of this country, however, seem to prove that this view on the effect of commodity prices is wrong.

On the other hand, Balchen probably is right in his criticism of the well-known theory that a rise in the foreign exchange rates tends to lessen the imports and to stimulate the exports of goods, while a decline produces the opposite effects. The idea is that a high rate of exchange has the effect of an export premium, and, consequently, will lead to an adjustment of the unfavorable balance of payments, indicated by the high exchange. As a matter of fact, the prices which exporters expect to get for their goods in the foreign country are the all-important motive for their export activity, while fluctuations in the rates of foreign exchange and profits arising from them are only of secondary importance. The same is the case with importers and their relation to a fall in the exchange. An exporter sells his grain or cotton at, say, 90 days' sight, without regard to the prevailing rate of exchange. In case these rates are low he keeps the bill of exchange in his portfolio, but if the rates should happen to rise he sells his 90 days' exchange and gains thereby an extra profit. This profit is so insignificant as compared with the profit on the whole transaction that these fluctuations of the rates form no independent inducement to the importer to limit the imports or to the exporter to increase the volume of exports of the year.

These rates being of so small importance to the exporters and importers (except perhaps during panics) they matter still less to the manufacturers and consumers, i. e., they are not likely to influence prices to any considerable extent. Finally, it must be remembered that the rates of exchange fluctuate from day to day, so that the exporters or importers would not easily be in a position to avail themselves of a temporary advantageous rate. "The oscillations are so frequent that exports and imports of merchandise cannot at once respond to every movement."

Balchen makes several good remarks on the settling of balances. The decisive point is whether a country has the power to pay its debts either immediately or in the future. This power rests upon the constantly improving economic conditions of the country, and these are proved by the increase of its population and of its production for home consumption. A country's power to incur debts depends upon the progress of its wealth. Goschen says: "A rich country with an annual income of interest from other nations is able as far as this income goes to pay for an equivalent excess of its imports over its exports." But it is not primarily a country's large claims on foreign countries which put it in a position to import more goods than it exports; there are countries which have no such income and which nevertheless have that kind of import excesses. The difference is that some countries have a large part of their sources of income abroad while others mostly have them at home. To the credit, however, being the common basis for the foreign trade of all countries this difference is entirely irrelevant. As a consequence there may easily be both large and frequent surpluses or deficits in the balance of payments.



INSTITUTE AIB CHAPTERGRAMS

BALTIMORE.

By Carl E. Wagner.

Baltimore Chapter, which has always made an excellent record in its educational work, recently closed what is considered its best year. The work was laid out on a sound, systematic basis, and now we can see the fruit it has borne. The men have stuck to their work until the end, and after having passed the rigid examinations deserve to be rated as "high" in their profession.

From the following one can readily see that we have not sowed seed on barren soil. Those who are entitled to the National Certificates are: John Broening, Jr., German Bank; Raymond B. Cox, First National Bank; W. Kenneth Erdman, First National Bank; James D. Garrett, Central Savings Bank; George P. Gleisner, O. G. W. Levy, National Howard Bank, W. Wilson Taylor, and George W. Collars, Maryland Trust Company.

The examination in "Banking and Finance" was held by Dr. George E. Barnett, of the Johns Hopkins University, in the Chapter Rooms on June 2, and the ten men taking it passed showing the able manner in which they had been prepared. Fifty dollars in gold, to be divided into three prizes, was donated by Waldo Newcomer, President of the National Exchange Bank, and were awarded as follows: To the best paper \$25, won by J. Leonard Hoffman, of the First National Bank; second, of \$15, by W. Wilson Taylor, and the third by J. Newman Richardson, of the United States Fidelity & Guaranty Co. Others taking the examination were Messrs. George W. Collars, Maryland Trust Company; W. Rowe Janney, Donald R. Knox, First National Bank; S. J. McCormick, Commonwealth Bank; George Requard, First National Bank; E. P. Smith, Merchants' National Bank, and J. Osborne Wilhelm.

The examination in commercial and banking law was equally as successful. C. C. Homer, President of the Clearing House Association presenting a like amount to be distributed in the same number of prizes. The number passing the examination with a perfect mark of 100 were five. The first prize of \$25 was awarded to Mr. John Broening, Jr., of the German Bank. The second of \$15 was divided between Messrs. James D. Garrett and W. J. Shambberger, and the third between George P. Gleisner and Albert N. Smith. "Also ran" were Raymond B. Cox, W. Kenneth Erdman, W. H. B. Evans, Adrian Grape, P. S. Hensel, B. F. Kenney, O. G. W. Levy, J. P. W. McNeal, Charles H. Mueller, George Ott, Robert P. Price, Edward G. Rusk, Ivan Skinner, and Clifton K. Wells.

On Saturday, July 16th, Washington Chapter made its biennial trip to our city, and at the same time won one leg on the baseball cup. In the last issue of the Bulletin we prophesied it would be the "Water-

loo" of the Washington Chapter, but the tables have been turned, and we frankly admit it was ours. However, the dinner and good humor which followed at the Maryland Country Club, upon whose diamond the game was played, did much to alleviate the sore feeling, and we are already looking forward to the game in the "Suburban" town of Baltimore next year.

Mr. Adams, our new President, is formulating plans for next season's work, as well as selecting those men who will lead the various committees. Let me thank every man who has labored so nobly to make the past year a success, and sincerely hope they will continue their efforts under the present administration, for greater and even greater achievements than we have had in the past.

It gives us great pleasure to announce that the First National Bank has duplicated the prizes which their men have won in the educational work this year.

LOS ANGELES.

By H. C. Hurst.

Los Angeles Chapter can report for this month that she is still in the ring. Membership is growing, the library is growing, and interest in the work along all lines is growing. Which is not surprising, for that is merely the Los Angeles way. Everything outgrows its clothes out in this southwest corner of your Uncle Sam's domains, and new suits have to be cut out rather often.

We had a "Dutch Night" at the rooms lately that the boys are still talking about; if you want to get the old timers out to meeting, just try one once.

We are planning several special nights, a teller's night, a bookkeeper's night, etc., in which each line of work will be the subject of papers and discussions.

In fact, there will be something every month in the educational way, and some kind of a get-together stunt on some evening in between, thus carrying out the "something doing" policy of the present board of directors.

MACON.

By Caroline Cummings.

Macon Chapter is proud of the address on the "Training of the Bank Employee" recently delivered by John M. Ross, of our Association, before Groups two and five of the Georgia Bankers' Association. Incidentally Mr. Ross has been made cashier of the Citizens National Bank of Macon. Mr. Ross' address to Georgia bankers was as follows:

While thinking of my subject, "The Training of the Bank Employee," I thought of only one other subject that I had rather talk about, and that is to talk about a "minute," and you may rest assured

that I will not consume many of my favorite subjects.

Naturally, I am more familiar with the bank employee than any other feature of banking, because I have been one since I first began work. But that is not so long, as you may readily see by the very little I know about myself, or in other words, about the bank employee.

I trust that my seniors here, who are considerably my superiors in experience, as well as intellect, will not think for a moment that I am attempting to give them advice, for then you would misjudge my motive entirely. My hope is to instill into at least a few of the younger men a stronger ambition to equip themselves for your places in future years. The officer of the country as well as the city bank must not be content with his own self improvement, but must also co-operate with his clerks along similar lines, as the clerk of to-day is the cashier of to-morrow.

My observation is that it is not any lack of intellect on the part of the bank clerk which holds his salary down, but it is a lack of ambition, and this finally means a lack of proper training. Most bank clerks are intent on finishing their day's work as quickly as possible, disregarding the proper personal interest that every man is due his employer.

Let us all think for a moment how very little time, besides our daily routine of work, we devote to reading bank literature and to studying banking law. Is it not appalling how little preparation we make for our profession? For to-day the banking business is regarded just as intricate and essential a profession as the ones which require degrees for legitimate practice.

The opportunity for the young man to-day is unlimited. Never did a boy have a better chance than he now has in this glorious Southland of ours. And when I say chance I do not mean luck. Luck is not an essential factor in any man's success or failure, but progression or retrogression depends primarily and finally upon the proper use of one's time and talents.

Were I to crystallize in a single thought that which I most desire to forcibly impress upon your minds, it would be to urge upon the employees of the bank of to-day, not only the wisdom, but the actual necessity of using every opportunity at their command toward the development of their individual talents and abilities, to the highest state of efficiency, so that when the opportunity of their lives arrives, the force of their character and their mental equipment will be fully recognized.

Admitting that we all have the opportunity, and that persistent and proper training is essential to equip ourselves for this opportunity, let us endeavor to find the best means of equipment.

I understand that the chief motive which prompted the organization of the different groups of the Georgia Bankers' Association, was to help the young men by bringing them closer together in their immediate section, so that they would feel freer to express their opinions than they would at the State Association, where the attendance is five times as large. This is indeed an opportunity for us, and we young men are robbing ourselves if we do not take advantage of it.

Just for the same reasons that the group meetings of the State Bankers' Association were established, so also there was inaugurated by the American Bankers Association a method of training and instruction for bank clerks. This organization, "The American Institute of Banking," is known to all of us, but I fear is far from familiar to all of us. The main object of the Institute is to fix and maintain a recognized standard of education in "Banking and Finance," and "Commercial and Banking Law," by means of official examinations and the issuance of certificates. The American Bankers Association appropriates a certain fund annually for this work and encourages it in every way possible. When the greatest body of great men in our land establishes a training school for us, and give their time and money for its support, should not we take an active interest in its benefits—which benefits will all be

ours? Indeed we should, but few of us are using this opportunity.

We have recently established in Macon a Chapter and we feel assured of good results. We meet almost every week and read and discuss certain prepared lectures which are sent to us from headquarters in New York. They also send us the "Bulletin," a monthly magazine which is one of the best bank periodicals I have had the pleasure of reading. Then, too, we have the privilege of sending delegates to the annual convention, and may participate in all contests for prizes.

The isolation of the country bank clerk, with his limited advantages in this direction, has been fully anticipated and amply provided for by the Institute. Although the formation of Chapters is feasible only in larger centers, yet the employee of the smallest country bank, at a nominal cost, can avail himself of these superior educational advantages. Scores of bank clerks have had a vision of their life work enlarged and stimulated by study of the contents of the "Bulletin." A well selected course of study is offered, examinations are conducted by correspondence, and excellent results are obtained.

To all of us both the city and the country bank clerks, comes the voice of the Institute convincingly saying: "Utilize the facilities which I place at your disposal freely, apply yourselves diligently, and some day your reward will come."

I believe we all know of many young men who have reached their coveted goal, not through the uncertain support of wealth or influence, but who are where they are to-day by reason of their arduous preparation and those inherent personal qualities and traits which have challenged the admiration of those whom they have served, and which have won for them the recognition so well deserved. Such young men started out with a well defined plan for personal improvement, laboriously prepared themselves for a higher and wider field, and finally measured up fully to the requirements of their enlarged opportunity, and are in brief—a success.

NEW ORLEANS.

By John Dane.

The lethargy incident to the sultry summer seems not to have touched the "logical point" this season. True, the usual quota have sought a cooler clime for the time being, among the mountains, or at the seashore, abroad, etc., but strange to say an unusual air of activity pervades the city. This can only be attributed to the enthusiastic campaign now being waged by the people of New Orleans for the seven million five hundred thousand necessary to get the Panama Exposition. Bankers, merchants, clerks, laborers, all have subscribed to the capital stock of the Exposition Company, and if enthusiasm counts, we already have the big fair.

From among the ranks of New Orleans Chapter two men have been promoted to official positions in the institutions which they serve. Messrs. N. E. Bertel and John L. Couturie have both been appointed Assistant Cashiers of the Whitney-Central National Bank. It goes without saying that both of these gentlemen have our heartiest wish for their success and prosperity, and this but goes to substantiate the claim made that it is from among the ranks of the Institute that the future bankers and financiers will come. In fact, it is impossible to see how any one who expects to make a success in the profession which he has chosen as his life's occupation, can overlook such an important rung in the ladder to success. Mr. N. E. Bertel is the present head of New Orleans Chapter, and we expect to reap

the benefit of his experience and ability, under his surveillance during the coming year.

New Orleans Chapter is now laying up a large supply of energy for the coming busy season, and we expect to have a record breaking class take up the studies assigned by the Institute during the coming course. We are proud of our educational record, and shall endeavor to live up to the same.

DENVER.

By W. Campbell Garver.

Denver Chapter after closing a very successful year has disbanded until the September meeting.



GEORGE A. BROWN.

As the delegates from the Chattanooga Convention passed through Denver on their return home, the Denver boys were pleased to extend a glad hand to them, and as far as possible to show them a good time every minute of their stay in our city.

All are very enthusiastic over the second annual picnic which will be held Colorado Day at Glacier Lake, located in the Rocky Mountains not far from Denver.

NEW YORK.

By H. L. Tompkins.

The delegates having been all accounted for after their return from the Chattanooga Convention,

some of them have been set to work ploughing and seeding for next season's crop. The committees haven't all been appointed as yet, though the chairmen have been selected and the important additions will be made as soon as the new president can get around to it. Members of committees will be selected with more than usual care this year as the work outlined for 1910-11 will be the most important ever done in the Chapter. New York is next to the top in point of numbers and if not already so will be at the top in everything else as soon as the campaign opens and in membership too very soon after that time.

The election of officers resulted as follows: Chas. F. Minor, President, Knickerbocker Trust Co., Bronx Branch; R. W. Brett, First Vice-President, Chemical National Bank; William Clements, Second Vice-President, Dry Dock Savings Institution; W. H. Kniffin, Jr., Secretary, Home Savings Bank, Brooklyn; H. M. Baldwin, Treasurer, Title Guarantee & Trust Co.; C. W. Cary, Chief Consul, Metropolitan Trust Co.; A. L. Kley, Librarian, Mechanics and Metals National Bank. Thus it will be seen that New York is a tri-borough Chapter. That it will be right on the ground long before the tri-borough subway gets running is obvious to all who know the three men above named.

We live and learn—even from an election with the result that only the most important steps that have ever been taken for the good of the Chapter, in the opinion of the writer, is the proposed change in the time and method of choosing the officers. It has long been the thought of some of those most vitally interested in the Chapter's welfare, that sooner or later present methods would have to be materially altered in order to make possible the carrying out successfully of such plans as the immediate outlook and future policy of the Association warranted. As was ably pointed out by President Minor at the first meeting of the Board of Governors over which he presided, the time to begin to lay plans for a season's work is in the spring preceding the fall during which the work is to have its inception. Obviously the officers and committees are at a loss to know where they will stand until after the election in June, which is several months too late. The plan has been suggested therefore, to change the date of the election so that it shall come early in the spring, though the officers will be installed as now at the end of the season. This it is believed, will be of great benefit. But one good feature suggested another and it was left for our good friend Edward H. Callanan to point the way further by suggesting the appointment of a standing nominating committee to select the official slate with additional machinery by which unofficial slates might be chosen from which the final selection of officers would be made at the election.

Mr. Callanan has been a leader among a few, or perhaps there were many who felt that the Chapter, in spite of its somewhat elaborate method of choosing its officers, was not really a democratic organization at all. The fact that steam roller politics have not prevailed in the past has been due entirely to good luck rather than to good management, but those who were most far seeing feared that the time might come when a "fair fired and no favor" campaign might become a necessity, in order to down some political ambitions less deserving of recognition

than have been those in the past. Up to the present time everyone has worked always for the Chapter's good regardless of his own prejudices or likes or dislikes. In the future if signs do not fail, every member of the Chapter will have an opportunity to know the candidates for every office and may instruct his consul to vote in accordance with his preconceived views on the subject of who shall be chosen to preside over the Chapter's destinies.

OAKLAND.

By **Golden L. Downing.**

The delegates to the Chattanooga Convention from Oakland Chapter, Messrs. Cerini, Dunsmoor, Killam, and Heacock returned from the scene of action about June 20th, and a few days later related their experiences before a small audience at the Chapter rooms. Our delegates are to be congratulated on the manner in which they kept the name of Oakland Chapter to the fore, and for the splendid work done by the boys in the political field at the convention.

The nomination meeting of Oakland Chapter for officers and members of the Board of Governors for the year 1910-1911 was held on July 13th. A vast amount of palaver previous to the meeting had the oft-known result of a perfectly calm conclusion. There was no contest whatever for the offices, if the condition of the nominations at the present writing are to be considered, since there was but one nomination for each office. Also, out of the entire membership, but six nominations for members of the Board of Governors were made, and five members are to be elected.

The annual meeting and election will be held on August 17th.

A special meeting of the Chapter was held on July 28th for the purpose of amending certain sections of the constitution and by-laws.

The Farmers & Merchants' Savings Bank moved into their marble palace on June 28th. The banking room of this bank certainly can vie with that of any bank on the Pacific coast for nobility of design and artistic execution. The whole interior presents a most elegant scene, that is calculated to inspire the admiration of everyone.

We take pleasure in noting that S. C. Scott of the Farmers & Merchants' Savings Bank has been selected to manage the safe deposit department of that institution in its new location. The promotion is satisfactory all around, financially and otherwise, and a faithful work has received a well-merited advancement.

Chas. J. Crary, of Richmond, sprung into the limelight in June as Cashier of the newly formed First National Bank of Richmond. Mr. Crary's bank directorate shows some names which are indicative of the solid basis and good reputation with which this new bank begins its life. We all have faith in Mr. Crary's ability, and hope his bank will have most prosperous years.

SAVANNAH.

By **S. W. Lewis.**

The regular monthly meeting of the Savannah Chapter was held July 14th, with quite a large per-

centage of the membership present. The report of the delegates to the Chattanooga Convention was listened to with a great deal of interest, after which the regular lecture on commercial law was delivered in a very interesting manner by Chas. N. Fiedelson. After the meeting refreshments were served and all present felt glad they had come.

SPRINGFIELD.

By **Fred H. Tilton.**

Springfield Chapter has settled down to the usual summer existence, and consequently hasn't much to report this month.

Our baseball team has suffered two defeats at the hands of the Hartford Chapter, but we have managed to pick up a couple of victories at home.

The first game played in Hartford late in June, resulted in a victory for the Dometown Chapter, by a score which we would rather not see in print. A heavy rain storm was one of the features of the game, and finally put a stop to it in the eighth inning after all the players and spectators as well, had been soaked to the skin. The Hartford boys showed themselves to be fine hosts, and every one who took the trip reported a great time.

The return game was played in Springfield on July 16th, and Hartford was returned the winner again, the score being 11-5. The weather interfered again, but the game was played through in spite of it, and our visitors were spared the discomfort of going home in wet clothes.

Our new executive committee has held one meeting, and plans are already under way for the coming winter's work, which we are very sure is going to be the most successful in our history.

ADDING MACHINES INTRODUCED IN ITALY.

Consul John Q. Wood, of Venice, reports that an American adding machine is being introduced into his district. About 100 machines were sold in Italy in 1909. In the Venice district two machines were purchased by the city government. The city of Padua purchased two and the Consul has been informed that six more have been ordered in the district. Attention is called particularly by the Consul to the persistency required to make the first step necessary to introducing a machine destined to replace hand labor. Six months of effort was necessary to sell the machines already disposed of. American goods should be introduced by trained agents.

HIS EPITAPH.

Was he a-mining on the flat—
He done it with a zest;
Was he a-leading of the choir—
He done his level best.

If he'd a reg-lar task to do
He never took no rest;
Of if 'twas off-and-on—the same—
He done his level best.

If he was preachin' on his beat
He'd tramp from East to West,
And North and South—in cold and heat
He done his level best.

Whate'er this man was sot to do
He done it with a zest;
No matter WHAT is contract was
He'd do his level best.

—Mark Twain.



NO GEORGE V. COINAGE YET.

It is said that for some time the British Mint will continue to issue the coins of King Edward VII., and that a new issue will not be forthcoming until late in the year. A die, however, will have to be prepared and submitted to George V. for approval. If precedent should be followed the face of the new King will be on the left hand side in the profile, as the custom hitherto has been to alter the position of the head in each succeeding reign. Thus Queen Victoria was looking toward the left rim of the coins, while King Edward was looking toward the right.

It is believed that the recognition of the oversea dominions of the crown, first made in King Edward's reign, in the inscription, "Brit. own," (Britanniarium omnium), will be continued during the reign of George V. In Queen Victoria's time the inscription was "Brit. Regina." As the new King is a sailor it is thought this fact may be recognized by restoring the little designs of the lighthouse and the ship, which figured so long beside Rule Britannia on the reverse of the Queen Victoria penny, but which was withdrawn from the design toward the end of her reign.

Neither is there likely to be any new issue of postage stamps bearing the effigy of King George V. until about one year hence. A similar interval of time was allowed to pass after the death of Queen Victoria before postage stamps bearing the image of King Edward VII. were issued, specimens having been first obtainable by purchase on Jan. 1, 1902.

The head of King Edward borne by the British postage stamps in present use was designed by Herr Fuseli, who was selected by the King to undertake the task, and whose design was approved by the king. There was quite a scramble among stamp collectors for the first Edward issues, and the same thing will probably occur as soon as the stamps bearing George V.'s head appear.

As Great Britain's new monarch is well known as an enthusiastic philatelist, this fact may increase the interest in and demand for the stamps bearing his profile. Among the questions now mooted among stamp collectors is whether George V., now that he has become King, will abandon his fad of stamp collecting.

The delay in the issue of an entirely new set of stamps is caused by the enormous stock that has always to be kept in hand to supply the post offices all over the Kingdom. It is said that a new stamp, value seven pence, with King Edward's effigy was in preparation before his illness, and was not issued to the public until three days after his death. Its color is a slate-gray.

BRAZILIAN SAVINGS BANKS.

While the Brazilian postal-bank law decreed in November, 1909, has not yet been put into operation, the following resume of its features by Consul-General George E. Anderson, of Rio de Janeiro, is of interest:

The Brazilian postal savings bank law has more to do with local bank regulations than with general conditions in the institution or with the disposition of savings funds. The system is placed, so far as its general banking features are concerned, upon the basis of other savings banks in the country organized under Federal law. Apparently loans are to be made by the postal savings banks as by other savings banks, the earnings to go into the Federal Treasury. All deposits and transactions are based

upon the guaranty of the Federal Government. A central office is under the control of the Post-Office Department with certain branch offices. Deposits from 3 cents to \$300 will be received. Interest is allowed on sums between 30 cents and \$300 at the rate of 4 per cent. per annum, compounded on January 1. The 4 per cent. interest allowed on deposits may be said to average 1 per cent. less than the current rate allowed for time deposits by Rio de Janeiro banks. An account is kept with each depositor, the latter having a bank book in which his deposits are entered, witnessed by adhesive stamps to the proper value, canceled when entry is made.

Deposits may be withdrawn upon notice of 10 days for sums up to \$150, 20 days for \$150 to \$300, and 30 days for over \$300. Such withdrawals may be made from any office without additional procedure or any expense. Deposits are received from any person, including minors and married women, but minors and married women can not withdraw deposits without the consent of husbands and parents or guardians. Deposits are confidential, except in regard to married women and minors, as indicated. Deposits are not subject to attachment or sequestration. In addition to the provision that funds from deposits may be handled on the basis of other savings bank funds, it is provided that they may be loaned to popular banks or rural loan associations, upon Government approval. It is also provided that if the depositor so wishes, his funds may be invested in national bonds of the country, but at his own expense. No further provision is made, however, as to the investment of funds, the auditing of accounts, the funds of deceased depositors, the payment of losses, or any other detail of the business for which the head of the Post-Office Department is empowered to establish regulations. The post-office authorities have not yet announced such rules or regulations and have taken no steps to establish the business.

The interior towns and cities of Brazil are now and always have been without banking facilities, as such are known in the United States. Banks are replaced, under the best circumstances, by commercial houses, which receive money for account of customers and pay it out upon order, more or less informal, in line with customs of many years ago when the bulk of the business of the country was that of planters dealing with their factors. Even near Rio de Janeiro much of the transfer of money in the interior is through orders upon Rio Janeiro houses or banks.

USURY DISGUISED AS COMMISSIONS.

The custom of taking interest for the use of money is lost in antiquity, says the "Banking Law Journal"; It dates from earliest historical times and finds frequent mention in the Bible, where it is more odiously referred to as "usury." In the earlier days all interest was usury and it was looked upon with great disfavor. It was actually prohibited, not only by the Mosaic Law among the Jews, but also under the severe penalties of the old English laws. As early as the reign of King Alfred, in the Ninth Century, it was held in detestation. The church and the laity joined in denouncing it. Glanville, Fleta and Bracton all speak of it in terms of abhorrence. But finally, in 1545, the taking of interest in England was sanctioned by the statute known as 37 Henry VIII.

It may be questioned whether this statute was the result of more enlightened views as to the justice, honesty, or advantage of letting money out at interest, or whether it was not rather the dictate

of policy, than as the vice could not be suppressed, it should be tolerated, but with many and severe restrictions. 22 Cyc. 1471. In any event the taking of interest is differently regarded in the present day. But the law has fixed a maximum rate and no one may legally exact a greater rate. He who does is guilty of usury and is subject to the penalties prescribed by the statute. The unpleasant names, once bestowed upon him who accepted anything in the way of interest, are now reserved for him who stoops to usury.

That usury is extensively practiced to-day is a fact which it would be useless to deny. The statute which regulates the amount of interest which may be taken is respected to that extent which is necessary to escape the appearances of usury. The usurious part of the transaction is disguised as a commission, bonus, disbursement, or attorney's fee, but a close analysis discloses usury pure and simple. The trouble is that such transactions are seldom subjected to anything like a close analysis. Generally the borrower is glad to get the money at the rate charged. He may indeed consider himself lucky to get it at all.

Then, too, there are loans in which the lender incurs a dangerous risk, as in the case of the average second mortgage, and the legal rate of interest is inadequate compensation for the chances which he runs in making the loan. But, under the present condition of the law, there is only one course to pursue in regard to such loans, and that is to refuse them. Any other course is dangerous, for the law will look behind any commission, bonus, or other fiction, intended to act as a screen to usury, and rigorously enforce the penalties prescribed by the statute where it is found that an illegal rate is reserved.

SOUTH AFRICAN GOLD.

From the government statistics Consul Edwin N. Gunsaulus, of Johannesburg, notes a constantly increasing output of gold in the Transvaal, as the following shows:

The Transvaal produce in the year ended June 30, 1909, 7,294,711.855 fine ounces of gold, valued at \$150,793,303, an increase of 583,275.269 ounces and \$12,057,230 over the previous year. The Witwatersrand area alone turned out 7,038,306 ounces, worth \$143,492,903. Of the estimated gold output of the world for the year 1909 the Transvaal furnished nearly one-third. The output of all South Africa, in 1909, including the Rhodesian yield (\$12,768,279), will constitute over 35 per cent. of the world's gold supply.

In the eight gold mining districts of the Transvaal there were in operation on June 30, 1909, no less than 118 mines with 9,864 stamps and tube mills at work, an increase of 743 over those in operation on June 30, 1908. In addition to the stamps and tube mills actually at work at the end of June, 1909, there were at that time, 1,358 erected for future use in gold production. This number is being constantly added to in order to keep pace with the expanding industry. The total average number of persons employed in the gold mines of the Transvaal for the year was 180,916, of whom 19,710 were whites, 10,242 Chinese, and 150,934 colored.

According to the latest official reports the total gold output of Rhodesia for the calendar year 1909, was 623,338.42 fine ounces, valued at \$12,768,279, an increase in value over the previous year of \$475,481. These figures do not represent the actual progress made in Rhodesia gold mining, as a great deal of prospecting and developing work has been done, the results of which, so far as mineral output is concerned, cannot be computed at this early date. In 1909, according to the "South African Mining Journal," no less than 560 different companies declared production, as against 435 in 1908. The grade of ore milled by the whole country improved during the year by 30 cents per ton.

CUBAN BANKING AND FINANCE.

By W. H. Morales of Cuba Chapter.

Modern banking in Cuba commenced nine years ago, prior to the establishment of the republic, since when a banking system has grown up which affords the entire island with a means of employing its financial and credit resources on a sound, economical and effective basis. To appreciate the importance of Cuba as a banking country, certain facts should be recognized. Cuba contains an area of 45,833 square miles, including her adjacent islands, somewhat more than Pennsylvania and a little less than New York State. Her population amounts to 2,048,980 according to the census of 1907, and should be five times that amount to make her in any sense a populous country. She is situated on the highway of commerce, between North America and Europe on the one hand, and Mexico, Central and South America on the other, while the Panama Canal will make her the commercial key to the Pacific Ocean. The great source of wealth of the country is agriculture, sugar and tobacco being her leading products. Of the 3,974,000 tons of sugar produced in the Western Hemisphere this season, Cuba supplies 1,700,000. This is more than the production of the United States, Hawaii, Porto Rico and the Philippines combined, which countries yield 1,232,000 tons all together. The annual tobacco exports of Cuba range between \$30,000,000 and \$40,000,000. The island's exports have steadily grown from \$78,382,600 in 1902, the first year of the republic, to \$117,564,000 a year ago and \$150,000,000 the present fiscal year. The soil of the country is such that cereals, vegetables and fruits are profitably grown at all seasons of the year, and the climate is delightful, attracting thousands of tourists to the island every winter, who find it a sanitarium. These facts, taken in connection with the extent and character of American interests in Cuba, the island's position with respect to the United States, her history, political institutions and economic future, and the bearing of the Platt amendment on the mutual relations of the two countries, make Cuba a singularly interesting field of banking.

During the Spanish times the banking of Cuba was chiefly done by banker merchants in connection with their regular line of business. The banking institution of that period was the Spanish Bank, the official organ of the Spanish government, but the general circulation of checks, credit transfers, and savings bank and trust company facilities, with modern banking conveniences and inducements were postponed to the period of American intervention, when the National Bank of Cuba, with a liberal charter covering the entire field, was organized. This bank has been the official government institution since its creation under the Intervention Government in 1901 and throughout the history of the republic. It has moreover, been the sole Cuban depository for funds of the United States government proper at each intervention period.

In dealing with the banking situation of Cuba, attention is at once fixed on the various systems of money used in the ordinary course of business. Spanish currency, U. S. currency and French gold are used in all but one of the provinces. The situation is rendered somewhat complex by the fact that Spanish gold and silver coins circulate at their respective market values from day to day, and the relative valuations of the different systems are subject to daily change. United States currency is the official money of the Cuban government, freight and transportation charges are fixed therein, and the National Bank of Cuba renders its statements and general balances in American currency.

In Cuba as elsewhere abroad the fact is conspicuous that the American dollar is the highest and most stable known unit of value. American gold, American silver, United States treasury notes, gold and silver certificates and American national bank notes are all taken at par as the money of the national government backed by the American people. We of Cuba, hope, and confidently expect, that in solving the main financial question of the day, namely,

the flexibility of United States currency, nothing will be done to impair the indisputable value of American paper money, which is more coveted than gold itself abroad. While not venturing to give an opinion on this vital and delicate question, on which specialists are at variance, it seems to us evident that the trouble lies, not in the combined guaranty by the banks and the national government to the payment of the notes, but in the lack of their combined automatic action to meet the exigencies of business. A system which will enable the banks to obtain the necessary volume of money, on a conservative basis, wherein the government, by means of a central bank, a separate bureau, or an elaborate banking system, will lend its prestige to the national currency, is the problem which requires solution. Cuban banking interests will look on the financial legislation of America, not as spectators or from a neutral standpoint, but as interested parties, directly affected by the result. We doubt not that those whose wisdom and experience call them to determine this supreme question will do so with full cognizance of the subject.

The general banking laws of Cuba are contained in the Code of Commerce, which deals besides with commercial law in its many phases, including negotiable instruments, the law of agency, loans on public securities and mercantile transactions at large. The reconciliation of the Spanish banking and commercial laws with those of the United States and other countries with which Cuba does business is a matter of constant necessity, to meet which the National Bank of Cuba has an elaborately organized legal and trust department.

Cuba's credit condition is favorably reflected in the high prices of her government, railroad and industrial securities, which are held throughout the world. The Havana stock exchange does not base its quotations solely on the local demands, but on the prices ruling in New York, London and Paris. The value of money and securities abroad is ascertained by cable daily by the National Bank of Cuba and the Stock Exchange houses. Cuban railroad securities are held mostly in the United States and England, while the stock of the National Bank of Cuba is held in fourteen different countries and twenty-eight states of the Union and seldom comes on the market.

One year ago grave fears were entertained by certain authorities that the unprecedented Cuban budget of \$33,825,448 for the fiscal year commencing July 1, 1909, would not be met, taking as a basis aggregate revenues of \$27,000,000, which had been previously reached and expenses of \$24,250,000 the year previous under American intervention. Contrary to such predictions, the island revenues have exceeded the amount of expenses. This result speaks favorably for the budget of \$29,620,521.52 for the coming fiscal year, to cover which \$36,000,000 of revenues will probably be collected. There is at present \$2,143,904 cash in the Cuban treasury as compared with \$2,809,479.08 at the end of the second American intervention, less than a year and a half ago. Meantime floating obligations have been reduced from a debit balance of \$9,111,345.46 to \$4,739,344.69.

In Cuba today as in times past the fact stands out conspicuous that the wealth and prosperity of the country are constantly increasing. Cuba's ability to recover from economic disturbances of every character, coupled with the Platt amendment, the guarantees afforded by her constitution, and the declared policy of the United States with reference to maintaining peace in the Island, afford a rock of safety to American and other foreign interests in Cuba. All banking interests of Cuba are today on a sound footing so far as is known. The panic of 1907 did not reach us in acute form, but we did ship \$14,675,000 of coin abroad that year as compared with an average of \$2,706,133 for the three years previous, which demonstrates the vitality of Cuba at a time when the world's finances were unsettled.

Of the two methods under which the finances of Cuba have been administered, namely, that of accumulating the nation's wealth in the vaults of the government, and the present system of circulating the currency of the country through public works and improvements and other means, neither has proved

financially disastrous, but on the contrary, the country has flourished in a manner which shows that Cuba has but to maintain a reasonable assurance of safety for investments in order to bring about the successful development of her natural resources.

PANICS AND RESERVES.

By William H. Peck, President of the Third National Bank of Scranton—Synopsis of an Address Before Scranton Chapter.

Panics did not first appear in modern times, for as early as 1662 Sir William Petty, an English statistician and political economist, speaking of the part of the product which should be granted as rental of land, says, "the medium (meaning average) of seven years, or rather of as many years as make up the cycle within which dearths and plenties make their revolution, doth give the ordinary rent of the land in corn." His reference to "cycles of dearths and plenties" shows a knowledge of their recurrence.

It is recognized in this day, that panics are generally followed by periods of depression and that these occurrences take place with somewhat of similar frequency as to their intervals. Financial disturbances are most likely to occur when credit is most in use, but it is thought by many that the interval of good times which we enjoy when business reaches its greatest activity is growing longer. What was the provision that Joseph made in Egypt during the seven years of plentiful harvests but a preparation in good times for that which he was enabled to foresee would follow as a time of depression. But the fact is that the larger amount of capital and its greater flexibility in modern times, with the better facilities of business and banks, has a tendency to lessen the evil effects of monetary disturbances, though we cannot expect to be permanently rid of them. The regularity of their return is most noticeable in the older settled countries, and their broken periodicity in newer countries like the United States where development of resources is constantly taking place. The development of new fields of enterprise seldom slackens before excess is reached.

One warning for a considerable time in advance, is an increase of rates for money and a decrease in reserves in the great cities of the world, coming at a time of general overtrading. Another is the early drop in market value of securities at such a time, they being quickly affected by money market conditions. The crisis of the panic of 1873 which started with the failure of Jay Cooke & Co. is said to have lasted six weeks and two days, and then came the long time of business and industrial depression lasting in this region until 1880.

Experience has shown that the intensity of a panic does not last ever sixty to ninety days at the most. With some disturbances between, there came in 1893 another panic with the usual unsettling of values, and then in 1907 the panic which is freshest in the minds of all of us. A country not experiencing such disturbances is not for that reason to be a subject of congratulation, for it is the stirring nations that are full of development and enterprises that are most likely to have them with frequency. Let us remember that panics come not in dull times, but when business is still on the crest of the wave, and are always preceded by a period of great activity, when from increased business in old activities and additions to plants and the erection of many new ones, and by private and public extravagance, floating capital becomes to a great extent invested in permanent form. When bank clearings are largest and business is booming, one who has not taken a far look ahead is likely to be as was the western man who went out for a sail with a friend. They went along very nicely until a change of wind caused the sail to shift position and the owner to call to the visitor to look out, but he was not quick enough and was knocked overboard. After he was fished out of the water he asked what it was that

hit him and on being told that it was the pole in the bottom part of the sail and was called the boom, he said he knew what a boom was, for he lived in Kansas City where they had real estate speculation and he had been overboard before.

During a panic there is not floating capital enough, but when the depression follows, business slackens its speed and calls for the use of less credit, and there come consequently lower rates of interest for a time. Different reasons are given by students of finance for the recurrence of panics or crises, but the most reasonable ones seem to be, the over use or too great extension of credit, the doing of too much business for the capital invested, speculation, and the exploiting of an undue amount of new enterprises, in many of which capital is sunk and overproduction. Lack of confidence follows, which becomes evident by the occurrence of a large failure or the exposure of great frauds at such a time. But these will not bring a crisis unless unsound conditions previously exist. When we consider that over 90 per cent. of business is done on faith and not on coin payments, we see what a serious blow then comes to business and industrial interests. Unfortunately in times of excessive business there is too much confidence, and in times of financial disturbances there is too little. Confidence should be built on solid foundations and not on optimism.

A recent illustration of too much confidence is the case of a large prominent house whose annual statements have shown for some years that they were doing too much business for their capital, but they sought to do more, and last fall over-bought cotton goods for which the sale at present is slow. The result is creditors' meetings to effect a reorganization.

Bankers have to meet criticisms both ways; for loaning too freely before a panic, and for conservatism in not loaning freely enough. The Banker should try to have the public feel in a crisis that though money is not plentiful, yet it can be obtained for all reasonable needs. It should be remembered that bankers deal with conditions as they have them thrust upon them. They are expected not only to furnish capital for conducting the general volume of business, but also for new enterprises and extensions of business.

And now after having given some thought to panics and realizing their undesirability, let us see what can be done to meet them.

We are reminded of the young clergyman who preached his first sermon from the text, "How Shall We Escape, If We Neglect So Great Salvation." In telling an older preacher about it he said: "I divided my subject in two heads. First, I told them of the greatness of salvation." "That was very good," said the older minister. "Then what did you do?" "Oh, then I tried to tell them how to escape if they neglected it." We will not attempt to show a remedy for neglect, but rather let us see what preparation can be made in advance, through the medium of reserves.

What are reserves? In all positions in life he best succeeds who has something in reserve. A person undertaking manual labor needs more strength than just that supposed to be required for the job, in order to take care of the unexpected. This was recognized many centuries ago by the prophet Jeremiah, when he referred to the custom of men running with messages, and by the side of the chariots, and by the side of those mounted on horses. He said: "If thou hast run with the footman, and they have wearied thee, then how wilt thou do in the swelling of Jordan?" In other words, if the usual takes all one's strength and therefore wearies him, what will he do when the unusual comes? The fact is there must be a reserve for it, or one will be like the steamboat on the Illinois River about which Abraham Lincoln said that its boiler was so small that when it blew the whistle it had to stop the paddle wheels.

A man in business with his credit all in use and none of it in reserve, might well be considered to be in as extended a condition as a man driving over a corduroy road and with one arm reaching behind leading another horse by a halter, the strap of which has slipped through his fingers until he

holds it only by a knot in the end. Imagine his uncomfortable position.

Banks need reserves. The law recognizes this and hence the State of Pennsylvania, and the United States government, fix certain percentages for reserves based on the deposits of banking institutions to which they have granted charters. Such reserves are regarded as the minimum amount that is essential and most banks average more. The required or legal reserve is a proper reserve when financial conditions are normal, but conditions do not always remain so, and therefore bankers must make additional provision. I heard one remark in 1905 that we would have no more panics because our country was older and business interests were larger and stronger, but nevertheless the panic of 1907 came. Isaiah mentioned those who say "and tomorrow shall be as this day, and much more abundant." Panics will come, from over trading, and over investment of liquid wealth in that which is in permanent form. Stringencies will come from various reasons, and the prudent banker will see that his institution has a secondary reserve in the character of its investments.

We hear of a great deal of anxiety regarding the currency questions of our country, but I am more concerned that bank investments shall be flexible than that the currency shall possess more of that quality. It is desirable that a bank's deposits be paid when called for, but if there is a large demand for them and they are all invested in slow assets, the situation may become embarrassing. You may remember some of the lines of an Irish love song, Kathleen Mavourneen:

Oh, hast thou forgotten how soon we must sever?
Oh, hast thou forgotten this day we must part?
It may be years and it may be forever;
Oh, why art thou silent, thou voice of my heart?
Oh, why art thou silent, Kathleen Mavourneen?

And so one director referred to certain loans as Kathleen Mavourneen loans, for said he, they "may be for years and they may be forever." Not a very desirable asset to depend on for funds in a time of panic, however good they may be. Therefore, your banker will have some investments that he believes can be turned into cash on short notice.

In the great cities much dependence is placed on call loans on collateral, and the one who makes the earliest diagnosis of the situation and calls such loans first, is better ready for a panic than his slower neighbors. In the country some banks under state charter have depended on mortgages that are past due, thinking they can collect some of them at such a time. National banks, however, cannot invest in mortgages. Others have thought municipal bonds desirable as a quick asset and as being subject to the least fluctuation in panicky times. Many others have made large investments in carefully selected railroad bonds which are listed on the exchanges of New York, Philadelphia, Boston or Chicago. Others buy the notes of wholesale merchants and manufacturers from reliable note brokers, depending on their being paid when due, and thus furnishing the bank with funds. There is a variety of tastes, and each banker should decide what form of investment will best fulfill the purposes desired and then see that the institution he serves puts a reasonable amount of funds in them. My own idea is that notes of out-of-town wholesalers and manufacturers selected with care make the happiest situation for the bank that owns them in a panic.

SUFFICIENT REASON.

"What do you sell lard for, young man?" asked the old lady of a new clerk in the corner grocery.

"Cause I can't get anything else to do, ma'am," replied the young man, who was not altogether satisfied with his job.—Chicago "News."

TALK IS CHEAP.

Don't spend half your time telling what you are going to do and the other half in explaining why you didn't do it.—Chicago "News"

